Media Release

The company tax rate cut is even more critical off the back of R&D changes

"The proposed changes to the R&D incentive are very likely to reduce the total amount of R&D that is undertaken in Australia, and only makes sense if the proposed corporate tax cuts proceed", Corporate Tax Association's Executive Director Michelle de Niese said today.

"We fully understand and support the need to reign in bogus R&D claims and to encourage innovation and incremental R&D. However, the overwhelming majority of large corporates will be significant losers from the changes announced on Budget night, which are more than halving the R&D incentive for these companies.

"As with any investment, Australia competes on the world stage as a destination in which to conduct R&D. With countries like New Zealand and Hong Kong improving their R&D incentives, combined with lower company tax rates, the announced changes to Australia's R&D incentive is an effective worsening of Australia's tax competitiveness globally and regionally. In this context, it is critical that the corporate tax rate cuts are passed.

"This is not some race to the bottom. A lowering of the corporate rate to 25% over a 10 year period is what needs to be done to bring us into line with the **current** OECD average of 24%. A competitive corporate tax rate is an essential element of a strong economy. We must give the Australian economy the tools it needs to attract investment, improve productivity and create jobs."

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Media Contact – Michelle de Niese (03) 9600 4411