

1993-94-95

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

TAXATION LAWS AMENDMENT BILL (NO. 4) 1995

FURTHER SUPPLEMENTARY EXPLANATORY MEMORANDUM

Amendment to be moved on behalf of the Government

(Circulated by authority of the Treasurer,
the Hon Ralph Willis, MP)





General outline and financial impact

Research and development

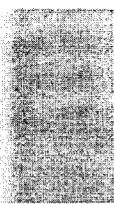
Allows companies until 30 June 1996 to finalise contractual arrangements and apply for joint registration with the Industry Research and Development Board where the finance scheme for their proposal was approved by the Board before 7.30pm Australian eastern standard time on 9 May 1995.

Date of effect: 7.30pm AEST on 9 May 1995.

Amendment announced: Not previously announced.

Financial impact: None

Compliance cost impact: None



Research and development

Purpose of the amendment

This proposed amendment will allow companies until 30 June 1996 to finalise contractual arrangements and apply for joint registration with the Industry Research and Development Board (Board) where the finance scheme for their proposal was approved by the Board before 7.30 pm Australian eastern standard time on 9 May 1995, the time of the announcement.

Background to the amendment

Taxation Laws Amendment Bill (No.4) 1995 (the Bill) proposes amendments to the research and development provisions of the *Income Tax Assessment Act 1936* to give effect to the Budget announcement that deductions will be denied under section 73B of the Act for expenditure incurred to a private tax exempt entity, if the expenditure is not fully at risk.

The amendments proposed by the Bill would have allowed companies, where a finance scheme had been approved by the Board before 7.30 pm Australian eastern standard time on 9 May 1995, until 3 August 1995 to finalise contractual arrangements and apply for joint registration with the Board.

Explanation of the amendment

This proposed supplementary amendment will extend until 30 June 1996 the time period for companies to finalise contractual arrangements and apply for joint registration with the Board where the finance scheme for their proposal had been approved by the Board by 9 May 1995.

That is, the proposed amendments in the Bill will not apply to expenditures incurred by eligible companies on or after 9 May 1995 if the company had a finance scheme approved by the Board before 7.30 pm Australian eastern standard time on 9 May 1995 and the expenditures:

are incurred in accordance with the terms of the finance scheme;
and

- are incurred under a contract evidenced in writing that was entered into on or before 30 June 1996, and
- are incurred by members of syndicates (one or more eligible companies) which lodged an application for joint registration, with the IR&D Board on or before 30 June 1996.