

1996

THE PARLIAMENT OF THE COMMONWEALTH OF  
AUSTRALIA

SENATE

**TAXATION LAWS AMENDMENT BILL (NO 3) 1996**

**SUPPLEMENTARY EXPLANATORY MEMORANDUM**

Amendments and New Clauses to be Moved on Behalf of the Government

(Circulated by the authority of the  
Minister for Industry, Science and Tourism  
The Hon. John Moore MP)

## OUTLINE

Item 72 of the *Taxation Laws Amendment Bill (No 3) 1996* (the Bill) removes the power of the Industry Research and Development Board (the Board) to register companies jointly under subsection 39P(3) of the *Industry Research and Development Act 1986* (the Act), subject to the transitional arrangements. These amendments and new clauses add to those transitional arrangements in order that the Board may continue to consider applications for joint registration under section 39P where an application was lodged before 5.00pm 23 July 1996 by legal time in the Australian Capital Territory.

### Amendments to the Taxation Laws Amendment Bill (No 3) 1996

Item 72 of the *Taxation Laws Amendment Bill (No 3) 1996* removes the Board's power to register companies jointly for the tax concession for research and development under subsection 39P(3) after 5.00pm 23 July 1996 by legal time in the Australian Capital Territory. Item 72 also contains transitional provisions that allow the Board to consider applications for registration where the applicants obtained a favorable advance ruling opinion of both their project's research and development activities and finance scheme before 5.00pm 23 July 1996.

The additional transitional provision introduced by this amendment would allow the Board to consider an application that was lodged with the Board under subsection 39P(1) before 5.00pm 23 July 1996 regardless of whether the applicant had sought or obtained a favorable advance ruling opinion of both their research and development activities and finance scheme before that time. This new transitional provision only applies to applications that comply with the requirements of subsection 39P(2) of the *Industry Research and Development Act* and are distinct from requests for the Board's advance opinion.

Applicants that fall under this transitional provisions do not automatically qualify for registration: the Board must still satisfy itself that the proposal meets the criteria in subsection 39P(3) before it may register the companies jointly.

## FINANCIAL IMPACT STATEMENT

These amendments are estimated to reduce the revenue protection measure of the Bill by up to \$160 million over 4 years.

**Clause 1**

Clause 1 amends Item 72 of the *Taxation Laws Amendment Bill (No 3) 1996* by inserting new subsection 39PA(2A) into new section 39PA. New subsection 39PA(2A) allows the Board to consider for registration an application under subsection 39P(1) of the Act that was lodged with Board before 5.00pm 23 July 1996 by legal time in the Australian Capital Territory (*the commencement time*) but was neither registered nor refused registration by the Board before that time. A request is only an application for registration under subsection 39P(1) if it meets the requirements of subsection 39P(2). Further, an application for joint registration under section 39P is distinct from a request for an advance approval opinion or any other request for an informal opinion.

**Clause 2**

Clause 2 amends subitem 73(2) of the Bill by inserting a reference to new subsection 39PA(2A). This measure will ensure that any decision of the Board made after the commencement time, being a decision to register companies who are eligible for consideration under new subsection 39PA(2A), will not be affected by subitem 73(1). That is, any such decision will not be rendered nugatory by the passage of this amendment.



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