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Paul Fischer
Corporate and International Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600

Submission in Response to Patent Box Discussion Paper

Dear Mr Fisher,

Developing therapeutic inventions through to product registration to improve the quality of life of those suffering with muscle tone disorders is the goal of Snorettox Ltd., a proudly Australian biotech start-up. We welcome the patent box incentive as it aims to encourage companies to conduct medical and biotechnology R&D in Australia. A tax mechanism that sets out to support Australian inventors goes a long way to keeping Australian inventions and associated R&D activities in Australia. Profits that flow from Australian inventions for companies based in Australia will further contribute to the local economy through generating local jobs and paying local taxes rather than foreign taxes. Additionally, strategies designed to encourage medical and biotechnology companies to be based in Australia will potentially contribute to a much needed increase in local manufacturing and ideally improve access to affordable local GMP facilities. Small scale manufacturing services that meet regulatory and quality standards remains a gap in the product development pipeline for SMEs and start-ups alike.

Australian researchers excel in a range of disciplines, including health and medical sciences, agriculture, space science, renewable energy and computer science. Extending the patent box incentive to other research areas would likely further contribute to increases in local manufacturing, training and jobs. Scientific and technical manufacturing and skill sets can be translated across a range of industries and benefit sectors beyond medical and biotechnology. Further, additional support and incentive for small to medium enterprises is an important strategy to help carry the financial burden of expensive early phase R&D for pre-revenue stage companies. Perhaps the patent box regime could be designed to assist SMEs to a greater degree than larger companies in recognition of the greater risk faced by, e.g., biotech start-ups like Snorettox Ltd.

In working through the detail of how the patent box regime would be administered, it is important to keep in mind that while small R&D companies are busily turning ideas into inventions to improve the health of Australians, they would benefit from a streamlined and simple reporting system. The proposed definitions of R&D activities and eligible IP derived revenue forms are appropriate. We encourage close and frequent consultation with the BioMelbourne Network (BMN) throughout the patent box scoping process and feel that BMN act as a peak body and knowledge bank for the concerns of the Victorian bio industry.

We look forward to following the development of this and other incentives to support Australian research.

Your sincerely,

Karen Holden.

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