



Venture Capital Tax Concessions Review: Terms of Reference

Australia's venture capital tax concessions are to be reviewed by the Treasury and Industry Innovation and Science Australia for the following purposes:

- To consider how the concessions operate in practice and whether they are achieving their intended objectives
- To satisfy the legislative requirement outlined in Section 118-455 of *Income Tax Assessment Act 1997*
- To consider the recommendations of other relevant reviews, to which the Government has not yet responded, that examine the venture capital tax concessions

Scope

The Act provides Treasury and IISA with delegated responsibility to act in accordance with specific legislative aspects.

In-Scope

- Assessment of impacts arising from the venture capital concessions, i.e. how the concessions operate in practice and whether they're achieving their intended objectives.
- Consideration of recommendations of other relevant reviews, to which the Government has not yet responded, that examine the venture capital tax concessions.
- Identifying what data is available (before deciding nature of impact assessment).
- Preparation of a succinct consultation paper providing means for stakeholders to offer views and provide evidence on operation of concessions.
- Treasury to prepare the impact assessment report for tabling in Parliament.

Out-of-Scope

- Policy or reform recommendations or consideration and costing of policy options.
- Non-tax related impacts on venture capital.
- New data generation that involves onerous tasks for stakeholders.
- Consultation not focussed on adducing data and/or views around operation of the venture capital tax concessions.

Section 118-455 of *Income Tax Assessment Act 1997*

- 1) As soon as practicable after 24 months after the *Treasury Laws Amendment (Tax Integrity and Other Measures) Bill 2018* received Royal Assent [3 October 2018], the Minister must cause an impact assessment of the operation of this Subdivision and other related tax concessions to be conducted.
- 2) The impact assessment must:
 - a. examine the operation of the tax concession regime for:
 - i. investments made through a Venture Capital Limited Partnership, Early Stage Venture Capital Limited Partnership or Australian Venture Capital Fund of Funds; and



- ii. investments made directly by foreign residents registered under Part 3 of the *Venture Capital Act 2002*; and
 - b. be conducted by the Department and Innovation and Science Australia; and
 - c. make provision for public consultation.
- 3) For the purposes of conducting the impact assessment, the reference to Innovation and Science Australia in item 6 of the table in subsection 355-65(4) of Schedule 1 to the *Taxation Administration Act 1953* is taken to include the Secretary of the Department.
- 4) The Minister must cause a written report about the impact assessment to be prepared.
- 5) The Minister must cause a copy of the report to be tabled in each House of the Parliament within 15 sitting days of that House after the day on which the report is given to the Minister.