

5th February 2010

Email: rdtaxcredit@treasury.gov.au

170 Colchester Road
Bayswater Vic 3153 Australia
Ph: +61 (0) 3 9237 7111
Fax: +61 (0) 3 9237 7171
24 hr: +61 (0) 3 9237 7177
e-mail: gasco@gasco.net.au
Internet: www.gasco.net.au

General Manager
Business Tax Division
The Treasury
Langton Crescent
PARKES ACT 2600



Dear Sir / Madam,

Will Unit Trusts be eligible entities to receive the R&D Tax Credit?

We have previously made a submission on 10th November 2009 in relation to Unit Trust entities and how they should be included in the new Research and Development tax incentive. It appears that private trading unit trusts will once again be excluded from this R&D tax credit. This will leave many organizations such as ours, with no R&D concessions, therefore making it extremely difficult to remain competitive both domestically and globally as a result of no support in respect to R&D by the government.

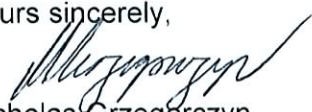
At the Austrade Seminar in September last year the proposed amendments to the current Research and Development Tax Incentive were discussed, and you spoke about companies being eligible for the R&D tax incentive.

In the consultation paper you stated that "an entity that is treated as a company in tax law will be treated as a company for the new R&D tax incentive". The paper then goes on to state that there will be excludability in the area of Private trading trusts, which unlike Public trading trusts are not treated as a company under tax law. It is inequitable for organisations who operate as a private unit trading trust to be excluded from the R&D Tax Incentive. Gasco's own product range, which includes Waste Heat Recovery and other technology which has the ability to reduce greenhouse gas emission levels requires continuous research and development. We require Government support to improve this technology. The legislation could be drafted in a way that Unit Trusts must quarantine the tax credit and prove that this credit has been utilised for R&D expenditure.

If the government is serious about ensuring the prosperity of Australian organisations in terms of research and development expenditure and consequential product technology, then it is evident that the eligibility test should include specific forms of " Private trading Unit Trusts" as well as companies. By allowing an eligibility test for Private trading unit trusts it will allow organisations such as Gasco, which rely heavily on research and development to compete in the thermal, combustion and process engineering industry to remain competitive internationally.

If you have any queries, please do not hesitate to contact me.

Yours sincerely,


Nicholas Grzegorzyn
CEO