**BAS9301**

**NEW TYPE OF COMPANIES**

Australia now has a new type of company - an Early Stage Innovation Company (ESIC).

**Early Stage Innovation Companies - Basic Details**

These companies will be required to have expenditure in the previous year of less than $1M and income of less than $200,000. To be deemed to be an ESIC, the company will have to pass a 100-point test to be eligible. The test includes:

* A review of expenditure on research and development.
* Whether the company has received an Accelerating Commercialisation Grant
* Whether the company has participated in an Accelerator Program.
* Whether in excess of $50,000 from arms-length investors has been raised.
* Whether the company has registered any patents or plant patent in the last 5 years.
* Whether the company has registered any innovation patents or registered designs over the last 5 years.
* Whether the company has an agreement for assistance in commercialisation with specific government approved organisations.

Alternatively, the company could qualify if it has focused on developing commercialisation, by one or more new or significantly improved products, processes, services, marketing or organisational methods. This test is called the Principle Based Test.

Retail investors will be able to invest up to $50,000 per annum per company, whilst there will be no restrictions on investments by sophisticated investors.

Investors are able to claim a 20% tax rebate on their investments, to a maximum rebate of $200,000. Investors will be entitled to a CGT exemption if they hold the shares for more than 12 months and less than 10 years.

There are going to be tremendous opportunities for accountants in this new type of corporate entity. Companies are going to need to prove that they’re “investment ready”, to satisfy investors.

The companies will require business plans, budgets and cashflow forecasts, marketing plans, Intellectual Property strategies and commercialisation strategies. Perhaps they could get some assistance by applying for a government grant.

Many of these companies will be looking for experienced financial persons to be Directors, Company Secretaries and to perform a CFO services role in their companies.

The ESS BIZTOOLS ESIC Product Package has all of the forms and templates that accountants/advisors will need to render an outstanding service without having to spend hundreds of hours developing your own material.

To obtain further information, please visit - [www.essbasip.com.au](http://www.essbasip.com.au)