

REMOVAL OF TAX BARRIERS OPENS DOOR TO FLOW OF FOREIGN CAPITAL FOR BIOTECH

Section 116 change a positive step to building bio-economy

OTTAWA (March 4, 2010) – Removing administrative barriers under the Canada-US Tax Treaty for investors such as non-resident venture capital funds are a welcome change, and ease the way for investment in Canadian biotechnology firms according to trade industry association BIOTECCanada.

“We are pleased to see modifications to section 116, which were recommended by BIOTECCanada and many others, implemented,” said Peter Brenders, president and CEO of BIOTECCanada. “This change will create a great incentive to invest in our innovative Canadian firms, and that’s what we need to keep our emerging companies growing and continuing to bring new ideas from the lab to the marketplace.”

The announced changes to section 116, will remove double tax filing requirements and administrative delays that have to date turned many foreign venture capital and institutional investors away from investing in Canadian biotechnology firms.

BIOTECCanada had called on the government to amend section 248 of the Income Tax Act to exclude shares of private corporations from taxation and create an incentive for foreign investors to enter Canada.

The budget also renewed funding for early stage research through the granting councils, including CIHR and Genome Canada, an important boost for the innovation economy. In addition, BIOTECCanada lauds the announced \$600 million over 3 years to help develop the innovation sector and attract talented people to strengthen world-leading research and development capabilities. BIOTECCanada also welcomes the government’s announcement to start a comprehensive review of all R&D federal support to improve the federal contribution to innovation and economic opportunities for business. In a time of rapidly growing global competition, Canada needs to find new ways to increase our competitiveness. The government’s focus on innovation is a strong signal to our international competition.

BIOTECCanada noted that biotechnology continues to play a growing role in all sectors of the Canadian economy. The sector has a direct contribution of \$ 1 billion in research spending per year, and a broader contribution of 6.4 % to the GDP (\$78.3 billion) through the bio-economy. This contribution is the greater than the automotive sector, or the forestry sector, underscoring the critical transformational role of biotech applications.

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ABOUT BIOTECCanada www.biotech.ca

BIOTECCanada is dedicated to the sustainable commercial development of biotechnology innovation in Canada. It is the national industry-funded association with over 250 member companies representing the broad spectrum of biotech constituents including emerging and established firms in the health, industrial, and agricultural sectors, as well as academic and research institutions and other related organizations.

