



RWA Submission on the Treasury Laws Amendment (Delivering an Efficient and Trusted Tax System) Bill 2026

Responsible Wagering Australia (**RWA**) welcomes the opportunity to provide a submission to the Senate Economics Legislation Committee in relation to the *Treasury Laws Amendment (Delivering an Efficient and Trusted Tax System) Bill 2026* (**the Bill**). RWA is the peak body representing Australia's licensed online wagering industry. Our members are Australian-licensed businesses that operate under robust regulatory, consumer protection and integrity frameworks, and that invest substantially in Australian-based technology, data, compliance and consumer-protection capability.

RWA's submission is limited to Schedule 4 of the Bill, which proposes to exclude gambling-related activities from eligibility under the Research and Development (**R&D**) Tax Incentive. RWA does not raise concerns with the other Schedules in the Bill.

RWA has previously made submissions on this matter to the Government's Strategic Examination of the R&D system and in response to the Exposure Draft of this Bill. This submission builds on those earlier contributions and focuses on the policy implications of the Bill as introduced. RWA recommends:

- **That the Committee recommend the Government remove Schedule 4 from the Bill** and instead address these issues through broader reform of the R&D Tax Incentive. The Government's own Strategic Examination identified the need for comprehensive, system-wide reform of the R&D framework. Progressing targeted, sector-based exclusions in advance of that work is inconsistent with that approach and does not represent the best way to address these policy issues.

Should the Committee determine that Schedule 4 should remain in the Bill, that the Committee recommend the Government:

- **Refine the drafting of Schedule 4**, particularly proposed paragraph 355-25(2)(i), subsection 355-25(3) and section 355-30(3) so that R&D activities that demonstrably support consumer protection, regulatory compliance and risk-reduction outcomes remain eligible.
- **Include a statutory review mechanism** within Schedule 4 to assess the impact of the proposed exclusions on Australian-based R&D investment, high-skilled employment and innovation capability, and to ensure the settings remain aligned with the objectives of the R&D Tax Incentive over time.

The R&D Tax Incentive and the Strategic Examination of R&D

The R&D Tax Incentive has historically operated as a sector-neutral, activity-based program, designed to encourage additional R&D investment in Australia, improve productivity and support the development of high-skilled domestic capability. These principles were reinforced through the Strategic Examination, which highlighted strong support for maintaining technology and sector neutrality within the R&D Tax Incentive, alongside the importance of stable and predictable policy settings to support long-term investment decisions¹. The Strategic Examination also emphasised the role of private-sector R&D in building domestic innovation capability, skilled workforces and economy-wide spillover benefits.

The Strategic Examination cautioned against policy settings that undermine certainty for investors or discourage Australian-based R&D activity by narrowing eligibility in ways unrelated to the technical merit or outcomes of the research². The proposed exclusions set out in the Exposure Draft represent a material departure from the approach endorsed by the Strategic Examination.

Departure from Sector Neutrality

The R&D Tax Incentive has historically operated as a sector-neutral, activity-based program, with eligibility determined by the nature, merit and outcomes of the R&D activity, not the industry undertaking it. Schedule 4 departs from this principle, with proposed paragraph 355-25(2)(i) excluding gambling-related activities from being core R&D activities, while section 355-30(3) ensuring those same activities cannot qualify as supporting R&D activities, except in very limited circumstances. These provisions introduce a sector-based exclusion, shifting the basis of eligibility away from the activity itself and toward the classification of the industry.

Once eligibility is determined by sector rather than activity, the incentive is no longer grounded in technical merit. It becomes a system where eligibility depends on which industries are considered acceptable, rather than what the R&D actually delivers. That shift creates uncertainty for business and undermines confidence in the stability of the R&D framework. More broadly, it sets a precedent that if one sector can be excluded on this basis, others can follow - making it harder for firms to make long-term investment decisions in Australian-based R&D.

¹ Strategic Examination of R&D: discussion paper consultation findings and analysis, p.3, industry.gov.au/StrategicR&D

² Strategic Examination of R&D: discussion paper consultation findings and analysis, p.4, industry.gov.au/StrategicR&D

Consultation Process

RWA (along with a range of other stakeholders) engaged constructively and in good faith throughout consultation on the Exposure Draft. This included proposing practical refinements to better align the measure with the objectives of the R&D Tax Incentive, particularly in relation to preserving eligibility for R&D that supports consumer protection, regulatory compliance and broader public policy outcomes. However, the provisions in Schedule 4 remain unchanged from the Exposure Draft, despite consistent feedback from multiple stakeholders raising these issues. This suggests that consultation has not meaningfully informed the final legislative design.

That outcome does not align with the findings of the Government's Strategic Examination of the R&D system, which emphasised the importance of genuine consultation, evidence-based policy development, and stable, predictable settings to support long-term R&D investment. Where consultation does not lead to any discernible refinement - particularly where practical, targeted solutions have been put forward - it risks being seen as procedural rather than a genuine exercise in informing policy design.

Broader R&D Framework

The R&D Tax Incentive is currently the subject of a comprehensive Strategic Examination, which recognises that there are system-wide issues with the design, effectiveness and targeting of the program. Those issues are not confined to any one sector, and they cannot be resolved through piecemeal exclusions.

Publicly available data illustrates the point. Atlassian Australia reported over \$220 million in eligible R&D expenditure in 2022-23, and has subsequently announced workforce reductions of approximately 1,800 Australian-based roles. Similarly, major retailers continue to access the incentive for investments in technologies such as self-service systems and automated logistics, which are explicitly designed to reduce the number of Australian jobs.

If there are concerns about how the incentive interacts with broader economic or social outcomes, those are features of the system as a whole, not the result of activity in any single sector. That is why the inclusion of Schedule 4 in this Bill is difficult to justify. It isolates one sector for exclusion while leaving the underlying policy settings unchanged. This approach does not address the structural issues identified in the Government's own review process, and it risks creating a more fragmented and inconsistent framework.

If reform of the R&D Tax Incentive is required - and the Strategic Examination indicates that it is - it should be undertaken holistically, consistently and on the basis of clear policy principles. A more effective and durable approach would be to remove Schedule 4 from the Bill and address these issues as part of broader reform of the R&D Tax Incentive.

Refining the scope of the proposed exclusion

As drafted, proposed subsection 355-25(3) limits eligibility to activities conducted *solely* for harm minimisation. This is an unduly narrow formulation that does not reflect how R&D is undertaken in practice. RWA has consistently proposed a practical and targeted refinement - preserving eligibility for R&D activities that demonstrably support:

- consumer protection;
- regulatory compliance;
- AML/CTF obligations; and
- integrity and risk-reduction outcomes.

This work is undertaken by Australian-based teams, supporting high-skilled employment in software engineering, data science, behavioural research and regulatory technology. For many operators, this R&D underpins day-to-day compliance with Australia's regulatory frameworks and drives continuous improvement in consumer protection outcomes. It also generates spillover benefits into adjacent sectors such as fintech, regtech and cybersecurity - outcomes that align directly with the objectives of the R&D Tax Incentive as articulated in both the EM and the Strategic Examination.

Excluding gambling-related R&D from the incentive will not remove the commercial or regulatory need for this research. Instead, it will redirect future R&D investment to jurisdictions where policy settings continue to support R&D activity on a sector-neutral basis. Over time, this will reduce domestic economic activity, narrow high-skilled career pathways in Australia, and weaken the development of locally based innovation capability in areas directly relevant to regulation, compliance and harm minimisation.

A more targeted carve-out (preserving eligibility for R&D that demonstrably supports consumer protection, regulatory compliance and system integrity) would better reflect the Government's stated intent, while ensuring continued investment in technologies that support regulators and protect consumers.

It is difficult to reconcile why the tax system would support R&D that may coincide with large-scale workforce reductions in some sectors, while excluding R&D in other sectors that is directly aligned with regulatory and public policy objectives.

Conclusion

RWA appreciates the opportunity to provide a further submission on this issue.

Schedule 4 introduces a targeted, sector-based exclusion in response to broader, system-wide issues with the R&D Tax Incentive. This is at odds with the Government's Strategic Examination which has already identified the need for comprehensive, system-wide reform of the R&D framework.

Progressing Schedule 4 ahead of that work is premature and does not represent the most effective way to address these issues. RWA therefore encourages the Committee to recommend that Schedule 4 be removed from the Bill and that these issues be addressed through broader reform of the R&D Tax Incentive.

RWA encourages the Committee to carefully consider these broader implications as the legislation is finalised and to ensure that Australia's R&D framework remains stable, predictable and focused on supporting domestic innovation and economic growth. Should you require any further information about these issues, please contact Mr Mike Websdane, Head of Policy and Operations, at [REDACTED]

Yours sincerely,

[REDACTED]
Kai Cantwell
Chief Executive Officer

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