New tax on medical devices will hurt small businesses, says ADIA

CANBERRA, Australia: The Australian Dental Industry Association (ADIA) has this week reported that small businesses will be hit particularly hard by a new tax proposed by the nation’s regulator of dental products and other medical devices, the Therapeutic Goods Administration (TGA). Businesses would be required to pay the new tax to supply new and innovative products lawfully in the medical and dental industries. ADIA has asked that implementing the tax be delayed to allow public consultation.

In February, ADIA welcomed a change in legislation to the way the TGA regulates medicines and medical devices. At the time, ADIA CEO Troy Williams said the reforms would “cut the red tape associated with introducing into the Australian market new and innovative patient treatment and diagnostic options”.

Commenting on the newly proposed tax, Williams said, “Small businesses across the dental industry are concerned about the proposed $530 medical devices tax that the TGA wants to charge businesses placing new products on the register of medical devices that can be lawfully supplied in Australia. For many of these businesses it will affect the commercial viability of making available new and innovative dental products.”

The TGA initially suggested 12 months ago a new tax for placing low-risk (Class I) medical devices on the Australian Register of Therapeutic Goods. However, it has now been established that, at the same time as changes to legislation took place regarding the regulation of medicines and medical devices, the TGA formally documented that the tax would in fact go ahead.

“The TGA’s commitment to engaging with industry on amendments to the quantum of funds it currently extracts from business has, and continues to be, first-rate; however, with respect to this new tax there has been no formal process of public consultation to assess the impact on small business,” said Williams.

The proposal to introduce the new medical devices tax has been placed before the health minister for consideration. ADIA has formally asked the TGA to withdraw its recommendation so that an appropriate level of public consultation can take place.
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