



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

20 July 2018

Board of Taxation Secretariat
The Treasury – Melbourne Office
Level 6, 120 Collins Street
Melbourne VIC 3121

By email: taxboard@treasury.gov.au

Dear Sir/Madam

REVIEW OF SMALL BUSINESS TAX CONCESSIONS

We support the reform principles that aim to create a level playing field through effective, accessible and targeted small business tax concessions. Tax concessions are a significant benefit for small businesses for a small cost to the tax system.

We would submit for your consideration amendments to the following concessions.

1. Capital gains tax concessions

Small business CGT concessions ease the tax burden and provide additional cash flow to re-invest and grow. The proposed *Treasury Laws Amendment (2018 Measures) Bill 2018* aims to ensure these measures are accessed by genuine small businesses, even those with complex corporate structures.

We reinforce that the financial caps for this should be in line with other tax concessions whereby a turnover figure of less than \$10 million is used rather than the proposed \$2 million turnover and \$6 million net asset value. Further, the proposed lowering of controlling interest threshold from 40% to 20% should be re-examined as it will increase compliance costs for businesses appropriately accessing the concessions and exclude access to others.

2. Instant asset write-off

We propose that the write-off is embedded in legislation and the threshold raised to, at least, \$100,000. This is to capture capital intensive small businesses such as farms.

To maximise the benefit to small businesses, with little impact to the cost of the tax system, we further ask you to consider allowing small businesses to write-off all assets and carve out exceptions only where necessary.

While the simplified pooling system for depreciation has reduced the complexity, depreciation schedules remain a compliance burden on SMEs. Even the ATO Guide to depreciating assets is 48 pages long.

3. PAYG and superannuation clearing house

While each provides benefits to SMEs we suggest exploring the option for the ATO to collect one payment from a small business for both the PAYG and superannuation. The ATO would then process the superannuation component through its clearing house on behalf of the small business.

Thank you for the opportunity to comment. Please contact me if you would like to discuss this matter further or Jill Lawrence on 02 6263 1558 or at jill.lawrence@asbfeo.gov.au.

Yours sincerely



Kate Carnell AO

Australian Small Business and Family Enterprise Ombudsman