

23 September 2016

Senator Chris Ketter  
Chair  
Senate Standing Committee on Economics  
PO Box 6100  
Parliament House  
Canberra ACT 2600



**Business SA**  
Chamber of Commerce  
and Industry South Australia

ABN 000 14 725 309 328  
Level 1, 136 Greenhill Road  
Unley South Australia 5061  
T: +61 8 8300 0000

Working for your business.  
Working for South Australia

Dear Senator Ketter

I write in relation to your inquiry on the Treasury Laws Amendment (Enterprise Tax Plan) Bill 2016.

Business SA makes this submission following feedback from our Tax Expert Reference Group about the proposed threshold arrangements in the Government's company tax package.

Business SA is supportive of a reduction in the company tax rate to incentivise business expansions and attract foreign investment to Australia, particularly to ensure we remain competitive with other OECD countries.

While we accept that budgetary constraints may limit the short term reduction in the company tax rate to businesses with revenues greater than \$10 million, we are concerned that the proposed bill introduces additional complexity to small business tax arrangements by not aligning thresholds for small business tax concessions.

On the basis that the company tax rate reduction only applies to businesses with revenues less than \$10 million, the same businesses should have equal access to existing small business tax concessions, particularly small business capital gains tax concessions.

As Business SA stated in its 2015 submission to the Tax White Paper process:

*Existing small business tax concessions are critical to incentivising the establishment and growth in small business and ensuring appropriate reward for risk and effort. Small businesses also have limited resources to establish and operate company structures and compliance is a much higher relative burden than for large businesses. Retaining cash flow and working capital is paramount for small businesses and accelerated depreciation is a strong incentive for small businesses to invest in plant and equipment. Capital gains tax concessions for small business also provide a valuable incentive to grow businesses over time.*

Yours sincerely,

Nigel McBride  
Chief Executive Officer

