

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates 30 May – 1 June 2006

Question: bet 56

Topic: Cost of Software for Tax Changes

Hansard Page: Written

Senator SHERRY asked:

1. Is the Department aware of concerns within small business about the cost of upgrading accounting software, in the wake of tax changes announced in the 2006-2007 Budget?
2. How many small businesses will be forced to pay for upgrades?

Answer:

1. Concerns regarding the cost of upgrading accounting software by small business in the wake of tax changes announced in the 2006-2007 Budget have not been raised with Treasury.
2. The Treasury does not have specific information on the number of small businesses that may need to upgrade their accounting software. It should be noted that tax changes include legislative changes as well as tax rates changes. Not all legislative changes require an upgrade to accounting software. All businesses that manage their own payroll function, whether electronic or manual, will need to up-date their systems for changes to tax rates in order to ensure that tax is withheld at the correct rates. However many businesses undertake this activity manually, relying on the tax tables published by the Tax Office, while others utilise payroll service providers and therefore may not need to upgrade their accounting software.

Software companies also undertake regular general upgrades to their products based on feedback from their users and incorporate tax changes as part of their product upgrades.

The ATO convenes a Software Developers Consultative Group which Treasury representatives attend from time to time to provide information on consultation arrangements.