



Restaurant  
& Catering

SAVOUR  
AUSTRALIA



1 December 2015

Division Head  
Law Design Practice  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Dear Sir/Madam,

**RE: Small Business Restructure Rollover**

I write in support of the small business restructure rollover as outlined in the 2015-16 Budget. The rollover would allow small businesses to change their legal structure without incurring a capital gains tax liability, reducing an impediment to growth and expansion.

Restaurant & Catering Australia (R&CA) is the peak industry association representing the interests of 35,000 restaurants, cafes and catering businesses across Australia. These businesses are small businesses, with 93.2 per cent being either non-employing entities or businesses employing 1-19 staff.

The ability to change legal structure without incurring a capital gains liability represents a significant reduction in red tape for small hospitality operators, one which will provide operators with greater ease and flexibility to grow and prosper. Restructuring hospitality businesses almost always requires assets to be transferred from one entity to another, attracting significant income tax liabilities, impacting cash flow and available capital. This discourages expansion meaning some businesses remain inefficiently small, reducing productivity and dampening additional employment opportunities.

There are also broader socioeconomic implications of capital gains tax applying to business restructures given most small business owners rely on the sale of their business to fund their retirement. Changes to the application of capital gains tax in this instance may reduce the reliance on government-generated pensions.

R&CA is therefore happy to support the exposure draft of the *Tax and Superannuation Laws Amendment Bill 2015: Small business restructure rollovers*. R&CA also supports exemptions being applied to the transfer of trading stock, revenue assets and depreciating assets.

If you have any queries, or require further information, please do not hesitate to contact me on (02) 9966 0055 or [jhart@restaurantcater.asn.au](mailto:jhart@restaurantcater.asn.au).

Yours faithfully

John Hart

Chief Executive Officer

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