



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.

Yours faithfully

John Hart

Chief Executive Officer

RESTAURANT & CATERING INDUSTRY ASSOCIATION

AUS ABN 73 080 269 905 ACT ABN 78 368 403 792 NSW ABN 26 214 164 082 QLD ABN 52 830 089 419 VIC ABN 31 739 604 819 WA ABN 81 641 812 048

PO Box 121, SURRY HILLS NSW 2010 T: 1300 722 878 F: 1300 722 396 E: info@restaurantcater.asn.au

www.restaurantcater.asn.au www.savouraustralia.com.au

DIAMOND PARTNER



HOST PLUS
expect more