



# TAX FORUM

4-5 October 2011

## STATEMENT OF REFORM PRIORITIES

### PARTICIPANT NAME AND POSITION

Peter Strong Executive Director

### ORGANISATION

Council of Small Business of Australia

### STATEMENT OF PRIORITIES

1. The highest priority for small business is to make the tax system easy to understand and make payment of tax obligations simple.

Our policies have been developed around the fact that a small business is nearly always a person or a couple. Any demands placed upon these people must be easy to accomplish. Any costs imposed upon these people must be reimbursed by government. Any time demands placed upon these people must be minimised. Small business does not and cannot have the same resources, capacity, experience or expertise as a big business.

#### **COSBOA Tax Policy 1**

##### **Ensure that collecting and distributing tax is easy**

The more complicated the tax system is the more mistakes will be made by small business owners, who make up 96% of all businesses. Currently the tax system and processes are influenced by tax experts and big business representatives and is designed to meet their needs. The system and any changes should be designed for ease of use by small business, not for experts. This applies equally to Federal, State and local government regulations, fees and taxes.

#### **COSBOA Tax Policy 2**

##### **Identify and remove tax compliance costs on small business people**

There are many areas of taxation process that can be removed or made easier. These include:

- Superannuation, where there is an opportunity to remove business from the collection process for superannuation. This creates savings for the superfunds and for business. (see attached paper for further information)
- Remove small business from Paid Parental Leave process as this adds complexity and requires a small business owner to have deep knowledge of the payroll software and may create the necessity to have several payroll process in one pay period.



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- Remove proposed reporting requirements for contractors in the housing industry. There needs to be simplicity in what is already a high process sector.
- Review and change the compliance demands and costs for small business people involved in the accounting, auditing and finance sectors. We need an efficient and transparent financial and accounting system, adding complexity will not increase transparency.

### **COSBOA Tax Policy 3**

#### **Compensate small business people for time and financial costs created by government.**

We propose two responses to compensate people in business.

Small business people should be allowed to keep 10% of all tax related collections up to a maximum of \$1,000. This is a small compensation for their time and effort.

The government should make software updates available to small business when there are any changes to tax rates or process. Currently any change requires a small business person to purchase upgrades for their software and this can be expensive. The government should negotiate with all the software providers to make 'software patches' available through an ATO website.

### **COSBOA Tax Policy 4**

#### **Develop improved support for small business people**

There are currently excellent support programs offered to small business. These can be further improved to meet the needs of specific sectors such as retail and hospitality. There should be increased funding of the ATO's Small Business help line to ensure that waiting periods are acceptable during peak periods. The business support line provided by the Department of Innovation can also be expanded into specific industry areas and include site visits to key small business will assist businesses in change or in crisis. The funding for Enterprise Connect and the Business Enterprise Centre programs must be continued and expanded where necessary into sectors under stress, such as retail, and into emerging areas of opportunity such as information technology and internet usage for the retail and service sectors

### **COSBOA Tax Policy 5**

#### **Continuously innovate in engagement with small business people and development of new processes and removal of old.**

The ongoing rapid changes in technology provides an opportunity to continuously improve on tax processes for small business. This should include:

Continued development of Standard Business Reporting (SBR) with Small Business people as a major target group.

Enable or promote PAYG payments to be made on pay day to the ATO using ABN number via EFT lodgement. (non compulsory)

Require banks to offer to set up parallel accounts for businesses that have a high turnover to assist



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in managing GST. (non compulsory)

Develop applications for the various smart phone and tablet computers that link businesses to better information and processes.

## 2. How are your proposals financed over the short and longer term?

Our main policy will not require funding. Designing a system based on the needs of a small business and removal of our role in the collection of superannuation has no extra costs to government. Any extra costs associated with superannuation would be covered by the superannuation funds through an administration fee on collection and distribution of funds. The superannuation funds would still make savings even with this additional cost (see attached papers).

There will be no cost involved in removing small business from the paid parental leave process. Savings will be made for the government due to streamlined communications that will be achieved by removing one step from the payment process.

Savings for the government will also be made by simplifying the reporting process for contractors in the construction industry as extra resources will not be required by the ATO.

The extra funds required for improved services to small business people through help lines and support programs should come from the increased tax revenue created by the efficiency gains from streamlined collection processes.

## LIST OF ATTACHMENTS

Attached:

Compare the Pair.pdf – comparing the COSBOA proposed super collection process the system proposed under the “Stronger Super” reforms

Proposed superannuation collection system and identified savings.pdf – a summary of our proposal for reform of superannuation collection and the savings this will create.