

## WHAT MY BUSINESS SMALL BUSINESS ACCOUNTING BLOGGER JOHN CORIAS SAYS

**“This budget sets aside \$8 million for a Small Business Commissioner; let's hope whoever gets appointed is independent and has the ability to listen to small business.”**

*By John Corias, Senior Partner at m.a.s accountants.*

The previously promised tax cut for companies from 30 per cent down to 29 per cent has been scrapped and replaced by an entirely different system of loss carry-backs. So much attention was given to this announcement as being a great win for small business, but it seems that the Government has made other priorities more important, and its promises made to small businesses have once again been broken. The Government will argue that the replacement measures it is proposing are an improvement, but they are less likely to have a widespread economic effect when compared to a company tax rate cut.

The proposed loss carry-back measure entitles small business companies – companies *only* – to offset any taxable losses made in 2012/2013 against profits made in 2011/2012. In order to take advantage of this, you need to be trading under a company structure (all sole traders and trust structures miss out). This system works well, but by being restricted to companies and being implemented in a slow-moving economy it is unlikely to drive small business growth and prosperity and subsequent jobs growth for the long term. Predictions are that only 110,000 small businesses out of a total of 2.7 million in Australia are expected to benefit from this proposal, so we really need to ask if there is much point to the proposal. Perhaps if the same policy had been applied to all businesses, including sole traders, then it would have received wider support from the small business community.

The ability for small business (a small business being defined as having a gross

turnover under \$2 million in a financial year) to fully expense assets costing less than \$6,500 is a welcomed move for small business. But it must be pointed out that, as someone who engages with small business on a daily basis, many are struggling for cash flow and finding the extra funds to invest in capital equipment may not be a feasible option in a slow moving economy. Only time will tell if this spurs small business into taking advantage of the accelerated depreciation write-offs.

The ATO GST compliance program has also been extended, with the budget allowing for an extra \$195.30 million dollars to fund GST compliance activities. Some may see this as an attack on small business but the Government sees great value in ensuring GST compliance as it secures its GST revenue for the benefit of the States.

Thankfully, this budget also sets aside \$8 million for a Small Business Commissioner to represent small business. Let's hope that whoever gets appointed is independent, and has the ability to listen to small business and suggest improvements to our nation's governance that actually get acted upon by Governments brave enough to listen. There are so many areas that small businesses struggle to cope with, from rising commercial rents, onerous industrial relation obligations and increased red tape through constant budget changes that it can only be hoped for a small business commissioner with some real power to make changes to support small business.

In order to support start-up businesses in the trades, \$19.4 million has been allocated to train trades people on starting their own

business. A much needed \$5,000 for recently qualified tradespeople to receive business skills training will allow tradespeople to be better informed about their obligations prior to taking the leap into small business.

Let's hope that the stimulus to the economy that will come from additional family tax benefits, increased payments to those on Centrelink benefits and tax cuts to low income earners indirectly flows through to local small businesses desperate for an immediate boost from this budget. The best measure that the Government can provide to boost small business is to allow the economy to grow at a steady rate and ease some of the pressure currently being experienced by family budgets.

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