



Secretariat: PO Box 576  
Crows Nest NSW 1585  
(02) 9431 8646  
Email: [ceo@cosboa.org.au](mailto:ceo@cosboa.org.au)  
[www.cosboa.org.au](http://www.cosboa.org.au)  
CEO is based in canberra

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The Secretary  
Senate Economics Legislation Committee  
Parliament House  
CANBERRA ACT 2600  
[economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

Please find attached the submission from COSBOA to the

**Targeting the Income Tax Transparency Laws Bill 2015 Inquiry**

For any further information please contact me on [REDACTED]

Yours Sincerely

Peter Strong  
CEO



## **Submission to the Better Targeting the Income Tax Transparency Laws Bill 2015 Inquiry**

COSBOA is the nation's peak body exclusively representing the interests of small business. Formed in 1979 COSBOA now has 31 affiliated members who themselves have a small business representative focus across key segments of the small business sector.

COSBOA believes that the current disclosures laws in Section 3C of the Taxation Administration Act 1953 (Act) are discriminatory and unjust towards certain classes of taxpayers, and inappropriately overturn fundamental rights of taxpayer privacy for certain taxpayers.

COSBOA therefore supports the amendments to the Bill as it would mitigate such consequences towards private Australian family companies.

COSBOA agrees with the sentiments of the Member for Oxley the Hon Bernie Ripoll MP in 2010 during a debate on tax confidentiality when he stated: 'Peoples tax affairs are very much between themselves the Taxation Office and God'.

COSBOA notes that the August 2015 Report of the Senate Economics References Committee on 'Corporate tax avoidance' the majority of the committee stated that there was a case to lower the threshold for disclosure lower than the current \$100 million level (at para 5.27). COSBOA is concerned that this will not assist small business in its quest to remain a major contributor to the Australian economy. COSBOA opposes such a policy.

Small businesses are people, they are not entities in the sense that a big business is an entity. Small business is personal.

Small businesses focus on key objectives of supplying goods and services at competitive prices and in accordance with the value proposition. Overwhelmingly, small businesses offer a single good or service. In comparison larger businesses offer multiple goods and services, often in different geographic markets. Consequently, it is difficult in relation to large companies to discern from their financial and tax data their profit and margins and mark ups on particular line items.

Therefore, policies which expose the gross revenue and taxation details of smaller business will damage the viability of smaller businesses by allowing large companies to engage in pricing and other incentive arrangements which will effectively eliminate competition. This will be to the detriment of small business in Australia.

COSBOA wishes to make one final point. Australian company law has long been based on their being two classes of companies, private and public. If the tax disclosure

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laws are allowed to stand for private companies (and even expanded to below the \$100 million pa turnover threshold), this will spell the end of private companies in Australia as they have long been known.

The Senate needs to consider the damage that could be done to capital raising, on-shore economic activity and entrepreneurial spirit. Many of our large and successful public companies had their early years as private companies. By not affording private companies the privacy that they need to grow and prosper, the supply of prospective larger businesses could well be stifled.

COSBOA supports the passage of the Bill as presented without amendment.