

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

10 – 11 February 2010

Question: aet 32

Topic: Initiatives to assist small business

Hansard Page: Written

Senator EGGLESTON asked:

How has the government's tax relief package aimed at supporting small businesses impacted on the small business?

Has this created any problems with credit accessibility?

How much money is owed by small businesses to the Australian Taxation Office?

Answer:

1. The ATO has a number of programs in place to help small business. Practical assistance includes:
 - giving small businesses more time to meet activity statement and other lodgment obligations, without penalties
 - allowing additional time to pay tax debts without any interest charge
 - allowing small businesses to pay their tax debts by instalments over an extended period of time, and
 - in certain circumstances, remitting penalties and interest that may have been imposed.

Most small businesses have responded positively to this assistance and engaged with the ATO in relation to their tax obligations.

Since putting these assistance programs in place, there has been a 10 per cent increase in the number of payment arrangements negotiated and no significant increase in the level of payment arrangement defaults.

There has been positive feedback from the small business sector about the cash flow benefits of this assistance.

2. The overall response to the measures introduced by the ATO has been positive.

The lending policies of financial institutions, including banks, cannot be commented on by the ATO.

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3. At 31 December 2009, collectable tax debt owed by small businesses was \$7.7 billion.

Small businesses are those with an annual turnover of less than \$2 million. Collectable tax debt excludes amounts subject to dispute or associated with insolvency.