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The Secretary
Senate Standing Committee on Economics
PO Box 6100
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CANBERRA ACT 2600

INQUIRY INTO THE PROVISIONS OF THE TAX LAWS AMENDMENT (SMALL BUSINESS) BILL 2007

The Small Business Development Corporation (SBDC) welcomes the opportunity to comment on the Senate Economics Committee's inquiry into the provisions of the Tax Laws Amendment (Small Business) Bill 2007 (the Bill).

The SBDC is an independent statutory authority established to assist and promote the growth and viability of the small business sector in Western Australia. One of the key roles of the SBDC is to work with small businesses and their representatives to identify, monitor and respond to issues affecting the State's small business sector. As such, the SBDC provides input into reviews of policies and processes to minimise unnecessary regulation and enable small businesses to pursue growth opportunities.

The SBDC is encouraged by the Australian Government's proposal to amend the Bill to establish a single definition of small business across various small business tax concessions. This is in line with what the SBDC recommended in its submission to the Commonwealth Regulation Taskforce in November 2005, which read:

Wherever possible, definitions [of small business] across agencies and within different legislative areas should be more closely aligned or standardised to reduce confusion and anomalies in the treatment of small businesses. The SBDC recommends that concerted work be undertaken in this area to reduce confusion and the impact of compliance on small business.

The SBDC believes that the proposed amendments will be beneficial overall to many small businesses, will reduce compliance costs generally, and are a logical and common sense approach to tax administration in Australia (i.e. to have one standard definition of a small business entity based on turnover with consistent rules across different tax instruments).

In effect, it is unlikely that any small businesses would be worse off under the proposed Bill as no additional compliance burden should be created. Small businesses will have the complexity involved in complying with different and varying tax rules reduced (limiting the costs associated with relying on external advice), and many will benefit from being able to reduce their GST reporting requirements.

The SBDC therefore has no concerns to raise on the proposed amendments and supports their introduction from 1 July 2007. Thank you for the opportunity to provide input into this inquiry and please contact Martin Hasselbacher, Senior Policy and Liaison Officer, on (08) 9220 0241 should you require any further information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stephen Moir', with a stylized flourish extending to the right.

Stephen Moir
A/MANAGING DIRECTOR

23 May 2007