

CHAN & NAYLOR CALLS FOR SMALL BUSINESS TAX RELIEF

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The election saw promises to cut the corporate tax rate, but there was little on offer for small businesses operating outside a company structure, said Ken Raiss, Director, Chan & Naylor.

These businesses are further disadvantaged over big business as they need to fund their working capital at marginal tax rates, unlike company structures which can effectively save the tax paid via the franking credits. These small businesses pay the tax and lose it forever, Mr Raiss said.

Many small businesses are sole-traders, operate through trusts, or are self-employed, so they don't trade as incorporated companies. They're excluded from the tax breaks that were proposed by both major parties.

Mr Raiss said sole traders and trusts are a type of business entity where there is no relationship back to a company structure, which means that individual tax rates apply. It's disappointing that there has not been more promised in the way of tax relief for small businesses which fall outside the company structure.

Labor has promised to drop the company tax rate, currently set at a rate of 30 per cent, by one percentage point if elected. The Coalition has promised to reduce it by 1.5 per cent, but at the same time increase it by the same amount for the 3,200 biggest companies to fund paid parental leave.

Small business tax expert Ken Raiss said that with the debate focused on the top-end of corporate Australia, small and family enterprises had been left behind.

Of greater concern is the fact that the competitive position of big business is increased at the expense of small business who operate differently when it comes to working capital, Mr Raiss concluded.

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