

From: [South Burnett Fabrications](#)
To: [Tax Board](#)
Cc: david.littleproud.mp@aph.gov.au; nanango@parliament.qld.gov.au
Subject: Small Business concessions
Date: Thursday, 12 July 2018 3:31:38 PM

Good morning,

Thank you for giving us the opportunity to give feedback on Small Business Concessions – “Tell us your thoughts” from the “Small Business Newsroom” Newsletter!

We would like to give you some feedback about small business as we have been self-employed all our married lives(36 years) and have gone through some hard times.

I recently was made redundant where I have worked for the past 6 years. I tried to buy the business but the bank said they wouldn't lend me the money. However, if I could have had access to rebates to help along the way it have made it more financial on paper. I am now looking at buying another small business to buy myself a job and the solicitors fees, the bank establishment fees the months without any income while a set everything up is very stressful and exhausting.

HELP!! True REAL Small Business needs your help!!

True REAL Small Business to me is the husband and wife partnership who have a couple of children, have great ideas and work ethics and want to work for themselves to support their family and be able to juggle the work/life balance and employ one or two people. We need to be focusing on encouraging people to go with their ideas and get all the assistance they need to employ themselves which also leads to employing others!

We have had a very brief look at the concessions and these things come to my mind (as some of those on the list aren't applicable to small business but Big Business which is why the first dot point is important):

- We feel there should be “more categories” for REAL Small Business – REAL Small Business would have a TURNOVER LESS THAN \$500,000 and TURNOVER LESS THAN \$1 MILLION as this to us is a REAL Small Business, even Cash Rebates on establishment Bank fees and charges for Business loans because for some reason Banks charge extra for a Business Loan when it should be less as the new owner is the one putting everything on the line. But only do this after they have been in Business for a certain period (eg: 12 months) to stop the wrong people having access.
- Small Business should also be regulated by the number of staff hired as hiring Staff is the biggest burden on Small Business – it is easy if you have ten or more staff working for you as you can pay one person to look after them, having five staff and under is a burden to Small Business as most Small Businesses can't afford to pay for that “someone to look after them”. Most Businesses that are closing down are the ones who employ 5 or less Staff, It is nothing to do with turnover!
- Cash rebates after 12 months for accountancy and government charges incurred during the start-up of new REAL Small Businesses as the fees involved for a husband and wife/young family are too hard to deal with financially.
- Cash rebates on rents paid by REAL Small Business after the first 12 months to

encourage people to open and operate small business.

- You give the unemployed all sorts of rebates that we can't get and then we have to pay more in Taxes to "keep" these people.
- Cash rebates of 5% per annum of the GST the REAL Small Business has collected and paid to further encourage reinvestment into their business and help their cash flows but only after 2 years of trading.
- My husband runs a small business and the amount of work involved to look after work cover, staff super, taxation, WH&S and the other increasing needs of staff, collecting, recording of and remitting GST is a massive burden on small business . He sees his staff earn \$36 per hour, by the time he does all that he has to do to satisfy the Government Taxation, Rules & Regulations and Red Tape he earns about \$12 per hour so you can see why businesses are not being sold but being closed down or not being opened at all – it is all too hard and this needs to change. We are at a stage in our lives where we are close to retirement and we are starting to make plans to close the business and sell off all our assets as businesses are not a saleable item under the current business operation and government and Taxation systems which will mean 5 jobs are gone!! and these people will relocate into Government Departments because they are easy jobs with all the perks and that everyone wants which will cause more Tax and more burden on small businesses which will make Australia another GREECE!
- As a Small Business owner, I am not looking for a handout, all I am looking for is a fair go and under the present system we are not getting a fair go hence the looking at closing our Business in the near future!
- Employees need to be made responsible for their own work insurance and super to help small business with this burden. It also makes the abuser of the system pay accordingly – eg: Workcover !!
- More understanding Tax Office Staff who deal with Business issues, because being told to "run your business better" is not a good thing to hear from ATO Staff after a flood event when you haven't lost anything but you have no work for 4 months while everything dries out.

Please contact us by email if you need further assistance with any of our suggestions.

We have also CC'd our Politicians into this email because quite often we take a lot of time to give feedback and our responses end up in the bin!!

Thanking you

Wendy and Trevor Turner

You are now following the idea titled 'Reinstate an STS Cash Accounting Method'. Changes will be sent to: agblack772@yahoo.com.au



Sounding Board



TAX SYSTEM IMPROVEMENT

Reinstate an STS Cash Accounting Method

Small Business Entities should be allowed to account for income on a cash basis once again.

Prior to the 30 June 2005 financial year, the STS Cash accounting requirement was a feature of the Simplified Tax System that allowed Small Business Entities to account for income and expenses on a cash basis. However prior to the 30 June 2007 financial year, entities that elected to utilise the STS were required to use ALL of the components of the system. This meant that entities that prepared their accounts based on the accruals method faced compliance costs in converting back to a cash basis if they were to use the STS rules. It was believed this cash accounting requirement was the reason for the low take-up rate for STS prior to 30 June 2005.

The solution to the problem was to remove the STS Cash Accounting requirement entirely for 1 July 2005 onwards. However this change meant that those entities that do not track debtors and creditors were then disadvantaged, especially those who also use the GST Cash accounting method that is still an option.

There is also the continuing complexity from the transitional rule that allows entities that were using the STS Cash rules at 30 June 2005 to continue to use those rules so long as they have met the requirements continuously since then. This transitional provision requires an analysis of a taxpayer's affairs over an 11 year period (and counting). This is especially difficult for taxpayers who have changed accountants, and for accountants who have entered the profession since 2005.

I would argue that the 2005 removal of the STS Cash Accounting requirement would not have been required given the later 2007 changes that made the separate components of the SBE system optional. Allowing a choice to use a Cash Accounting method for income tax purposes for those Small Business taxpayers who do not track debtors or creditors (and use the GST Cash accounting method) would have obvious compliance cost benefits, especially for micro business. The cost to revenue should be negligible (especially over time).

The former STS cash rules would be an appropriate template for reinstatement, however better alignment with the GST accounting rules may be an improvement.

Submitted by **You** just now

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