

CoSBA



Combined Small Business Alliance of WA (Inc)



Date: 17 June 2014

Attn: Simcha Udwin, Policy Analyst
Board of Taxation Secretariat
The Treasury
Langton Crescent, PARKES ACT 2600

Email: taxboardmeetings@treasury.gov.au

Submission to:

Taxation Board Review of impediments facing Small Business May 2014

Thank you for the opportunity to invite CoSBA to formally offer it's submission.

We were a little concerned at the time urgency issues and appreciate the extension, rather but small extension, We feel given more time, we could properly consult with our membership and report on a more extensive submission as such, However we offer up a number of issues and suggest solutions to remedy, which is we understand it more to what the board is looking for at this period of time in these submissions.

Yours faithfully

**Combined Small Business Alliance
of Western Australia Inc. (CoSBA)**

OLIVER MOON
Chief Executive Officer

Cc Minister for Small Business, Hon. Bruce Billson

Background

Combined Small Business Alliance (CoSBA)

CoSBA has been established for over 20 years, it is recognised by the Government of Western Australia as the peak body representing Small Business in the state.

With that challenge not only comes great respect, but great responsibility to be independent and bring about changes to the betterment of Small Business.

CoSBA is the only and the largest representative of small business associations in the state of Western Australia.

Our Members are made up from very diverse backgrounds, we represent a large number of Industry associations, chambers of commerce and business associations.

In essence our membership is very broad and made up of Associations themselves who in turn represent their constituent members, in the main these are the small businesses of Western Australia.

I should also clarify CoSBA has no direct correlation to COSBOA who are a national association as such.

CoSBA is independent of Government and we are not a Government agency as such, our funding comes directly from our members. Further information about us is available on our web site.

It should come as no surprise, small business find that their biggest hindrance in life is government and that is in a broad respect, from government agencies, taxation, overzealous bureaucrats and just trying to make an honest living amongst seriously ever expanding red tape.

Small Business through their respective membership associations continue to raise issue's with CoSBA about problems and issues about government regulations, This of course could be anywhere from Federal matters, State matters and from Local Government issues.

Small Business is not only such a part of the economy, Small Business in Australia is the largest sector of the economy.

Overview to Small Business and the Australian Tax Office.

It has been of some concern over many years, if not decades of the activities of the ATO in relation to the small business sector, never is there been any moment in history can we honestly say that small business welcomes it's dialogue with the ATO.

Whilst death and taxes are a fact of life, that is one statement. However more importantly, We believe that business want to get on with business, and that is making profits that they will pay taxes on and ultimately it will turn the wider cogs of the macro economy.

However if there was ever a government department that small business wish to grind an axe with, it is inevitably the ATO. It seems whenever the most common complaint against government, it is the way the ATO conducts itself with the *business profile* of Australia.

Difference in big business and small business: Larger businesses, know what is expected of them and have the availability of specialist internal staff or can outsource all ATO matters to specialists and just get on with business in the knowledge that they are 100% compliant.

Whereas small businesses must go it alone and face the ATO on a seemingly endless journey of compliance from one issue to the next issue, even when they get it 99% all correct, it may be a 1% error and issues come crashing down on them from all around, and many small businesses just have nowhere to turn, in fact quite a number of small businesses simply close as they are unable to competently deal with ATO matters.

CoSBA's views are that the ATO should be there to assist small business in a fairer way and be there to serve the (small) business community to compliment their ATO compliances, we presently have to say that the relationship is far from being on track, and it could be said, has never been further off-track.

We have made a number of suggestions in this submission we feel are what is colloquially called “no brainers” we trust these ideas are implemented by or given the recent change to the Federal Government.

Issue 1: SBLG

Re-establish the SBLG. The former SBLG (Small Business Liaison Group) was based in Perth, Western Australia and was under the secretariat of the ATO at Assistant Commissioner level. The SBLG ran successfully for a number of years and was very successful at allowing prominent industry groups and the ATO to look at challenges ahead from both parties and how to solve them. CoSBA was an active participant in the previous SBLG and feel the loss to the small business community without such a forum, however a future forum such as the SBLG should be established with wider terms of reference, as there was many of the issues that were out of scope of what the group met about. Nevertheless, it was vital and that being a state such as WA, which has differing economies to that from the east coast it allowed the ATO to understand business and issues, It also allowed Industry groups to gain some insight into issues that the ATO had within business. SBLG was wound down under the former Treasurer, Hon Wayne Swan.

Remedy: CoSBA calls on the Board of Taxation to call on the Minister for Small Business to commence the SBLG immediately, with the same group that being:

CoSBA, HIA, MTA, MBA, CCIWA, Pharmacy Guild, Taxpayers Australia, RTA, WA Farmers Federation, SBDC, BEC, WALGA, REIWA

Issue 2 Realign dates BAS/SG

Businesses are unable to continue dealing with a whole array on confusing dates, and when it comes to the ATO, they are constantly bewildered with why the dates are different and are administered by the same body.

To start this process, urgency is needed to re-align the BAS dates and the Super Guarantee Deadline

Currently the BAS date is 28th of the respected month following each respective quarter given many small businesses use the quarterly BAS system

Whereas the Super Guarantee dates for paying super contributions for staff is the 21st of each respective month following each respective quarter.

It is costly for business to complete BAS and visit bookkeepers and accountants each quarter

Many businesses complete their BAS and just get it in time, however struggle to meet the 21st deadline as they are focused on the 28th deadline. In reality they end up paying the Super Guarantee past the 21st deadline which is a breach, the ATO turns a blind eye and pretends to turn a blind eye due to lack of resources and the material of the breach, and the reality is the breach continues quarter after quarter.

However has horrible effects if a business is subject to audit and then loses the tax deduction and faces fines, over much of what it assumes is now common practice.

Given the ATO is the monitor of both of these compliance issues on behalf of business, we have a solution.

Remedy: Align both dates to be the same. Move the 21st of each month date in the Super Guarantee legislation to the 28th. Problem solved. But not yet

The other issue is even more severe, and that is the December quarter, whereas the BAS deadline is extended to be February 28th, However the SG deadline is still 21 January which is purely impractical if not impossible for most small businesses.

Remedy: Move the 21 January SG deadline to co-inside with the 28 February BAS deadline

Outcome: Get Small Businesses on side and shows the ATO is listening to the issues faced by small business.

Issue 3: Phone communication/Access to ATO by Small Business

Small Businesses constantly complain that they can never get to speak with a person at the ATO, We understand the ATO recently tried to improve this with a call back service, However small business has complained to us that the call back service rarely works, as the principal of the business can't simply hang around for 4 hours waiting on a returned phone call from the ATO and has to go on site, or visit a client, or is out of the workshop, and invariably misses the call, There seems no end to a mismanagement understanding of business needs from ATO staff, In fact many business owners have reported that ATO staff know very little about small business, even when it is explained to them by the business proprietor, there appears little empathy to small business, or understanding.

It might be a farmer who is on his tractor for 16 hours a day, his wife rushes him food from her vehicle, he doesn't have time to do a BAS on time, nor does he have time to invoice out any issues, he is stuck on this tractor for 8 weeks, and wants a BAS extension, He maintains a good file with the ATO and just can't get a BAS extension, he can't even speak to a "real person" about the issue.

It is creating an unhealthy resentment to the ATO from this business and he talks to other businesses who share their stories of the ATO and the issue escalates from there.

I'm sure the Taxation board can ready see, how such a simple issue can turn into a taxation nightmare for many small businesses.

Remedy Solution

Part 1

Create a Taxation Small Business Department staffed with ATO staff that have some understanding of small business issues and have a culture surrounding small business and have the ability to show empathy when required, Actually put ATO staff through some basic small business training on philosophy issues, Up staff and up skill this department within the ATO to deliver on better outcomes for their small business customers

Part 2

Have a better solution to quick fast issues such as a small business wanting to request a BAS extension

Part 3

Abolish the phone ring back lines for small business, in favour for a real person one on one contact centre on the above.
