



LAUNCESTON
CHAMBER of COMMERCE
The Voice of Business

20 May 2014

The Board of Taxation
c/- The Treasury
Langton Crescent
CANBERRA ACT 2600

Via email: taxboard@treasury.gov.au

Dear Sir/Madam

Re: Review of Impediments Facing Small Business

The Launceston Chamber of Commerce would like to provide input into your review from the perspective of our 235 members based in Launceston and Northern Tasmania.

The Launceston Chamber of Commerce (The Chamber) commends the Federal Government's review with an emphasis on small business and the taxation system. Taxation reform has been a priority for The Chamber for some time, and we appreciate the opportunity to contribute.

Earlier this year we surveyed our members to gauge their views on election priorities in the lead-up to the Federal Election. The survey was constructed so that only one response per member was permitted. Each member was asked to reflect the position of their organisation. A total of 95 members responded to the survey and included a cross section of industries and business sizes. Of the 95 respondents 38% were small business of between 1-10 employees.

The survey which was completed in February this year included the member's views on taxation and the importance of red and green tape as a priority to be dealt with by respective Federal and State governments. One question focussed on the impediments to employment creation, and the results are provided as an attachment to this letter. Both over-regulation and penalty rates figured highly in the responses to this question, and gives the reader some context to business conditions..

The survey results also indicated that 68% of those that responded were in favour of the Commonwealth Government increasing national taxes such as GST and income taxes to fund a reduction or removal of some or all of the State taxes. A total of 25% didn't support the increases in Commonwealth taxes and 7% weren't sure.

LAUNCESTON CHAMBER OF COMMERCE | ABN 99 727 522 452

1 / 29 Paterson Street Launceston Tasmania Australia 7250 | GPO Box 1854 Launceston Tasmania 7250
T: 03 6331 9364 | F: 03 6334 2745 | E: info@lcc.asn.au | W: www.lcc.asn.au

This is a similar result to the same question asked in 2010 when 69% responded in favour.

In the most recent survey, those in favour of increases in Commonwealth taxes 59% wanted to see an increase in the GST rate for example from the current 10% to 12.5%. And 52% of respondents wanted to see the removal of current GST exemptions on items such as food, health and education. Some members indicated they would support either option (thus the response over 100%).

In regard to the most popular State taxes to abolish or reduce - Payroll Tax was the most popular followed by Land Tax.

Those that didn't want to see an increase of Commonwealth taxes provided specific comments around lack of trust that the decreases would occur at the State level if promised. This is in response to the original concept that GST was originally implemented to abolish State taxes and simplify the taxation system.

The Chamber would also urge the Board of Taxation to consider the taxation system in the context of the broader red and green tape frustrations experienced by all business, with an additional burden on small business. Every taxation measure added or changed places a burden on the small business owner/operator to comply or pay professional service firms additional fees to meet their growing obligations.

An example of a specific quote from an anonymous respondent places this issue in context:

"Compliance costs continue to rise each year as successive Governments and Bureaucrats continue to justify their jobs by creating more reasons for them to create, monitor and penalise those who are out creating the jobs and wealth in the community, the private sector. From OHS to Super to Council regulations even to the new bushfire development hurdles, we only seem to have compliance burdens added to and the costs rise rather than anything removed to make creating jobs easier for the private sector."

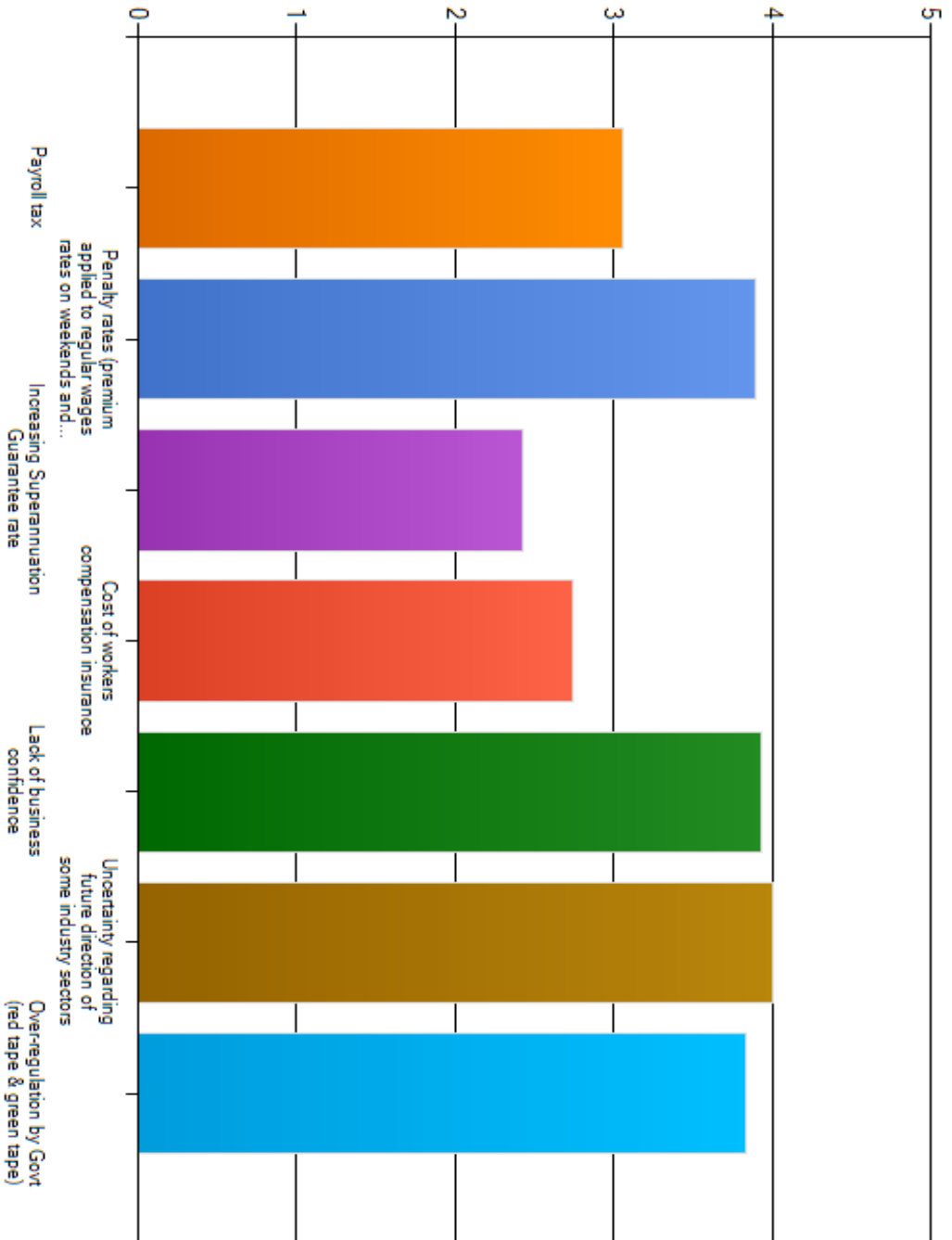
The Chamber would be happy to be involved in future discussions on this topic if the opportunity arises. Thank you for the opportunity to provide a submission.

Yours sincerely



Maree Tetlow
Executive Officer

What do you currently see as the most significant impediments to employment creation in Tasmania? Please indicate the level of significance.



Attachment