



FACT SHEET

EARLY START TO COMPANY TAX RATE CUT FOR SMALL BUSINESS COMPANIES

Measure description

This measure reduces the company tax rate to 28 per cent for eligible small business companies from the 2012-13 income year.

Small business companies will have a lower tax rate than other companies until the reduction of the general company tax rate to 28 per cent in 2014-15.

Rationale

The measure will help to promote the growth of small business companies.

The measure will:

- increase the cash flow of eligible small business companies; and
- enable these companies to reinvest more of their profits back into the company to expand and grow their businesses.

Key facts

The measure provides direct and practical benefits to many small businesses. There are approximately 720,000 small business companies that can benefit from this measure.

Indicative timeline

The Government will consult on exposure draft legislation. Relevant issues for consultation include instalment and franking arrangements.

The measure will apply from the 2012-13 income year.