



MEDIA RELEASE

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SMALL BUSINESS TO PAY AN EXTRA \$26.6 BILLION UNDER THE GOVERNMENT'S BACKHANDED TAX POLICY

The Rudd government's response to the Henry Tax Review will add further taxes and costs to thousands of small businesses.

Only a fraction of small business will actually benefit from government's reduction to the corporate tax rate. By the government's own estimates, two thirds of Australia's 2.4 million small businesses will miss out on a cut in corporate taxes.

In fact, only 12 per cent of Australia's small businesses may actually be able to benefit from the government's proposed tax cut.

More than 640,000 small businesses will be slugged with an additional tax on their payroll thanks to the government's increase in the superannuation guarantee.

What the government has given with a two percentage point reduction in corporate taxes it has more than taken back with a three percentage point increase in the superannuation guarantee.

Instead of being better off under the government's proposed tax cut, many small businesses will actually be far worse off. For example:

- By 2019-20, for every \$1 in tax savings, small business will need to pay about another \$25 in compulsory superannuation costs. This means radically higher costs for small business – costs that will reduce employment, reduce investment, and cause thousands of small businesses to close.
- In the whole period to 2019-20, small business will save approximately \$2.4 billion in taxes, but will have to pay an extra \$29 billion approximately in compulsory superannuation. This means small business will be \$26.6 billion worse off.

The government's tax policy is nothing more than an enormous tax grab that will do far more damage than good to Australia's small businesses.