

Media Release

Large business supports and encourages the government to pursue comprehensive tax reform

The CTA and its members are strong and long term advocates of comprehensive tax reform. Like other tax reform advocates, the CTA was encouraged by public statements by Prime Minister Scott Morrison and RBA Governor Phillip Lowe that a strong, pro-business investment strategy must be pursued if Australia is to claw its way out of a pandemic-induced recession. The CTA agrees with the view that the current economic policy framework requires significant revision for the monumental task ahead and that a key component of any pro-growth policy reset will be tax reform/incentives to drive business investment and job creation in the medium term.

“Large corporates operating in Australia¹ account for 62% of all corporate tax paid and 65% of net GST collected. The tax functions that support large businesses have an intimate understanding of the practical and technical workings of the tax system, its impact on investment and the cost of complying with the rules” said Michelle de Niese, Executive Director of the CTA.

“Our recent survey of members sought their views on which aspects of our tax system are most ripe for more immediate reform, which are most needed and how reform can best be achieved. The focus of the survey was on the various tax types that members deal with on a daily basis and is aimed at providing some insights into preferences for tax reform, including red tape reduction,” Ms de Niese said.

The survey results show that the overwhelming preference for reform is a reduction in Australia’s corporate tax rate to a more internationally competitive level. Members’ second preference is for an investment allowance for larger businesses as an immediate, practical means to grow the economic pie for the benefit of all Australians, combined with policies aimed at reducing the cost of compliance and red tape, particularly for taxes such as FBT.

“While any improvements to our tax system as highlighted in our survey would be welcome, the need for genuine reform cannot be papered over with tinkering at the edges,” Ms de Niese said.

A copy of the survey results can be found [here](#)

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¹ Large corporates in Australia is defined by the Australian Taxation Office as corporates with group turnover of more than \$250 million. See <https://www.ato.gov.au/General/Tax-and-Corporate-Australia/In-detail/Demographics-of-large-corporate-groups/>