

# Media Release

## Budget – a step in the right direction, but more to do

“Numerous tax measures announced in the Budget tonight are welcomed by large business, and will assist in job creation post-COVID”, said Michelle de Niese, Executive Director of the CTA. “However, there is an open space for wider tax reform to fill. The temporary tax measures introduced tonight are quick fixes in unprecedented times. Permanent structural changes to our tax system must now be part of the national narrative.”

### Instant asset write-off

The CTA welcomes the extension of the instant asset write-off that will provide an immediate stimulus to business investment and help the economy along post-COVID.

“An instant asset write-off is an immediate, practical means to grow the economic pie for the benefit of all Australians, which is what Australia needs today.”

“However, an instant asset write-off is no substitute for an internationally competitive corporate tax rate.”

### R&D Tax Incentive

“The measures announced today restore Australia’s commitment to investment in R&D activity and consequently jobs. However, the dual administration of the R&D tax incentive remains problematic and disincentivises taxpayers from utilising the incentive.”

### Loss carry-back

“We welcome the inclusion of large business in the temporary loss carry-back measure. This measure will give businesses of all sizes, including large business, the opportunity to reclaim tax previously paid equivalent to current year losses, to reinvest in their business and contribute to job creation.”

### Jobs/Wage subsidy

The introduction of a wage subsidy to employ unemployed young people and replace JobKeeper is a sensible move by the Government.

“The JobKeeper scheme was necessary as immediate relief in the height of COVID. The wage subsidy replacing JobKeeper will be better targeted and more cost efficient while at the same time helping businesses afford to employ more people more quickly than they otherwise might have as they emerge post-COVID.”

## Fringe Benefits Tax

Fringe Benefits Tax (FBT) generates less than \$4 billion a year or less than 1% of all Federal tax revenues. It is a shockingly expensive tax to administer, with one of the highest cost of compliance for business. Tax teams in large business spend 8% of their time on FBT compliance whereas they spend 10% on GST compliance to help collect more than 10 times more revenue (or about \$45 billion per year).

“The FBT breaks announced in the Budget should siren the start of permanent ongoing ‘breaks’ in FBT which all businesses would welcome. It is a tax ripe for review.”

## Corporate residency

“It is heartening to see the Government has responded to the Board of Taxation’s recommendations and committed to simplifying Australia’s corporate tax residency rules. This is particularly important in the current environment where businesses have had to adapt to current COVID restrictions and are exploring new ways of conducting international business.”

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