

Media Release

Company tax cuts should remain

Melbourne, 23 March – Doubt over the Federal Government’s commitment to deliver its promised five percent company tax cut has drawn criticism from industry groups, including the Victorian Automobile Chamber of Commerce (VACC).

The Turnbull Government’s enterprise tax plan, announced by Treasurer, Scott Morrison, in the 2016/17 Federal Budget, promised to cut the company tax rate from its current 30 percent (28.5 percent for small businesses with turnover of less than \$2 million) to 25 percent with incremental decreases over 10 years.

“The business community expects that the Federal Government will deliver on this core promise,” said VACC Executive Director, Geoff Gwilym.

Speculation about political back-tracking began when Prime Minister, Malcolm Turnbull, and Scott Morrison repeatedly refused to rule out renegeing on the plan, after an expected voter backlash.

“It has been argued that voters think the tax cuts are unfair. Are they the same voters who are employed by the thousands of businesses across Australia who create employment, opportunity and prosperity for the Australian population?”

Mr Gwilym said that the tax cuts were not all about the ‘big end of town’.

“These proposed tax cuts will benefit thousands of small businesses; ‘mum and dad businesses’ that are a part of every community throughout Australia. These businesses are the engine room of the nation’s economy, employing almost five million Australians. If these businesses are to continue employing and training Australians then they need a competitive landscape in which to operate,” said Mr Gwilym.

Ireland currently has a corporate tax rate of 12.5 percent, and nearby trading partners have consistently lower rates: Hong Kong is 16.5 percent, Taiwan 17 percent, China’s rate is 25 percent, Indonesia is 25 percent, and New Zealand’s rate is 28 percent.

If the Turnbull Government is “absolutely committed to (its) comprehensive economic plan to support jobs” then it needs to deliver on its promise to deliver company tax breaks so that Australian business can operate in a very competitive global landscape.

“Cutting the company tax rate for Australian business will deliver jobs and prosperity, and that’s just what Australia needs right now,” said Mr Gwilym.

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