

Media Release

For immediate use

6 February 2015

VACC: Two tiered company tax rate not the way to go

Cutting the company tax rate by 1.5 per cent should not just apply to small business says VACC. The peak automotive industry body in Victoria, with more than 5,000 business members in the retail, service and repair sector of the automotive industry, has come out in support of bigger business partners and called for the Abbott Government's 1.5 per cent cut in company tax to apply to all business.

"VACC is satisfied that there is some tax relief which many of our members will benefit from," VACC Executive Director, Geoff Gwilym said.

"However, our members operate in a broad environment and deal directly with big businesses, including manufacturers, suppliers and retailers. Having one tax rate for some and a different rate for others would be inconsistent and could result in costs being passed down the supply chain.

"The Government's focus on small business and jobs is welcome and we support tax reforms which encourage small business owners to create jobs, and aspire to grow into future big businesses.

"What we do not support is more complexity in the taxation system. Tying company tax to the Paid Parental Leave scheme in the first place created confusion. The prospect of two levels of company tax would be unhelpful to business, would increase red tape and place additional administrative burdens on businesses," Mr Gwilym said.

VACC has consistently said the company tax level is too high and called for it to be reduced for all businesses. It is also concerned the 3,400 big business threshold is not fixed and could increase in the future.

VACC has previously questioned the focus on company tax when many small to medium businesses are unincorporated meaning they will not be impacted by any company tax reforms.

"VACC believes regulators would be better advised to reduce company tax for all businesses and then focus their attention on the Government's Taxation Reform whitepaper this year. Urgent reviews are needed for Federal, and State, taxes which really hurt business productivity, in particular, personal income tax, land tax, payroll tax and the luxury car tax," said Mr Gwilym.