OUR PLAN FOR

LOWER TAXES FOR
SMALL BUSINESS
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KEY POINTS

Small businesses are the beating heart of Australia’s economy.

When small businesses are healthy, all Australians are better off.

It means more jobs, more choice, better living standards and more vibrant and connected communities.

When you work hard, build your business and invest in your community you are having a go. And you will get a go under the Liberal and Nationals Government.

That’s what the Liberal and Nationals Government believes in.

That’s why we are backing small business to invest, employ more workers and grow their business.

We will lower taxes for small, medium and family businesses.
We will make it easier for them to employ even more Australians.
We will incentivise their investment in productivity-enhancing equipment.
We will expand their access to finance.
We will ensure they have the skills they need for today and tomorrow.
We will ensure they get a fair go by stopping big business abusing their market power.
We will ensure they are paid on-time by government and larger businesses.
We will lift the red tape and paperwork burden.
We will enable them to get their products to their customers more quickly with modern transport infrastructure.
We will give them access to billions of global consumers with market-opening trade agreements.
We will ensure they have affordable, reliable and sustainable energy.
We will help them seize the opportunities provided by the digital economy.
We will support their mental health and wellbeing so they can support their family, business, employees and local community.
We will support tens of thousands of Australian women through our female entrepreneurs programs.

It is part of our plan for a stronger economy that provides the settings and opportunity for business to do what it does best.

Labor do not believe in enterprise and aspiration.

Labor’s taxes are bad for business. Small business will get hit twice. First Labor’s higher taxes
would directly hit small business. Second, a Shorten Labor Government would be the highest taxing government in Australia’s history. That will weaken our economy and make it a harder environment for small business to operate in.

Our Plan

The Liberal and Nationals Government is already delivering lower taxes for small and medium businesses.

Lower taxes mean more money to reinvest back into the business and create more jobs for Australians.

The Liberal and Nationals Government has already provided lower taxes to around 3.4 million small, medium and family businesses employing over 7 million workers.

We have fast tracked small and medium businesses moving to a lower corporate tax rate. The Liberal and Nationals Government has already lowered the tax rate from 30 per cent rate to 27.5 per cent. And this rate will be cut further to 25 per cent by 2021-22 - five years earlier than previously planned.

Fast-tracking these lower taxes will benefit around 970,000 small and medium companies that employ over 5 million workers.

We will ensure that unincorporated small businesses receive comparable treatment through an increase in their small business discount. This will benefit around 2.4 million businesses employing 1.9 million workers.

The Liberal and Nationals Government is also helping small and medium businesses invest and grow through increasing and expanding the instant asset write-off.

It will be increased from $25,000 to $30,000 and it can be used every time an asset under that amount is purchased. That will enable a café to get a new fridge or grill, a plumber to buy new tools or a courier a new van.

The incentive will also be expanded so medium-sized businesses with a turnover up to $50 million can access it. This will benefit an extra 22,000 additional businesses employing around 1.7 million workers.

The Liberal and Nationals Government has set a speed limit on taxes as a share of our economy. We are ensuring that the economy isn’t burdened with higher and higher taxes.
The personal tax relief we are providing to millions of Australians will help boost spending at local small businesses.

The Choice

Labor do not believe in enterprise and aspiration.

Labor’s plan for higher taxes will cost Australian small businesses.

Each and every one of Labor’s $387 billion of higher taxes are bad for business.

Not only will small business suffer directly from higher taxes, they will feel the effects of the flow-on impact of a weaker economy.

Within a decade, Labor’s tax hit will be the equivalent to an extra yearly household tax bill of $5,400. That is $5,400 less to spend at local businesses. That’s $5,400 less going back into the community.

A Shorten Labor Government would be the highest taxing government in Australia’s history.

This would weaken our economy and provide fewer opportunities for small business to thrive.

Labor are proposing a dangerous experiment on a scale that has never been conducted before.

Each and every one of Labor’s new taxes will hit small, medium and family businesses across Australia.

- Labor’s $230 billion income tax and $6.5 billion deficit levy will limit enterprise and aspiration.
  - Unincorporated small businesses will be directly hit as their business grows and incomes rise as a result of their hard work.
  - Small business will feel the effects if legislated tax relief is taken away from millions of Australians, reducing spending at local small businesses.

- Labor’s $31 billion housing tax will reduce home values and increase rents.
  - Small business owners will be directly hit as they often rely on the equity in their homes to secure finance - making access to finance more difficult as the value of their homes reduces.
  - Small business owners will be directly hit by higher rents.
  - Small businesses in the construction industry will be hit, with the Master Builders Association finding that Labor’s policy would result in up to 42,000 fewer new dwellings, 32,000 fewer full-time jobs and an $11.8 billion drop in building activity.
• Labor’s $57 billion retiree tax will destroy the value small business owners have built up in their business.
  o Small business owners will be directly hit if they receive dividends from their business.
  o It will destroy the plans of older small business owners who have spent many years building their business, creating jobs and investing in their community, with the plan to use the franking credits from their small business in retirement.
  o It will hit main street businesses in communities with large retiree populations, as retirees will no longer be able to afford to go out for the club meal, purchase a coffee and cake or buy some toys for their grandkids.

• Labor’s $27 billion family business tax will tax small family businesses at the same rate as large multinational companies.
  o 300,000 small family businesses will be directly hit with a minimum tax rate of 30 per cent. It will hurt small businesses that are using these trusts for asset protection, estate planning or to manage cash flows.

• Labor’s $34 billion in superannuation taxes will punish start-up and micro business owners limiting how they can contribute to their superannuation.
  o Labor will no longer allow personal superannuation contributions to be deducted where more than 10 per cent of their income is from outside their business - a common occurrence if they are working another job while establishing their business.
  o 800,000 Australians are estimated to benefit from working part time, taking a salary while establishing their business.

• Labor’s $2 billion tax return tax will mean an extra cost for many sole trading businesses to comply with Australian tax laws, and because they can no longer afford it, will mean they do not get the important advice they need.

• Making matters worse, the $387 billion tax hike doesn’t take into account Labor’s electricity and car taxes.
  o Small business will be directly hit as the cost of doing business is pushed up, and the car tax will mean businesses may not be able to purchase the vehicles they need to do the job properly.

The choice is clear. Small, medium and family businesses will suffer as a result of Labor’s $387 billion plan for higher taxes.

By contrast, the Liberal and Nationals Government has a proven track record of backing small and medium businesses, and a plan for lower taxes for small, medium and family businesses.
The Cost

The Liberal and Nationals’ plan for lower taxes for small business will not place additional costs on the Budget.