



MEDIA RELEASE

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Opposition blocking of Resource Super Profits Tax threatens small business tax relief

The Opposition's threat to block the Resource Super Profits Tax legislation in the Senate is a bitter disappointment to Australia's 2.4 million small businesses, Minister for Small Business Craig Emerson said today.

If realised, this decision would threaten the Rudd Government's plan to give the nation's 2.4 million small businesses a major cashflow boost with special tax breaks announced on Sunday in response to the Henry tax review.

"Today's decision by Tony Abbott to continue to oppose for the sake of opposing is very disappointing and casts a shadow over our plans to allow small business owners to instantly write off assets valued at up to \$5,000," Dr Emerson said.

"It also puts in jeopardy our plan to cut the tax rate for small businesses which are companies."

Dr Emerson said small business would be more than \$1.5 billion worse off under an Abbot-led government as a result of the Opposition's decision.

"Mr Abbott's policy is to deny small businesses \$1.5 billion in tax relief and to whack them with extra costs as larger businesses pass onto them his \$10.8 billion Great Big New Tax to fund his paid parental leave scheme," he said.

"Mr Abbott has confirmed that small businesses will be sacrificed as he sides with the Clive Palmers of the world in opposing the resources tax."

Under the Rudd Government's tax reform plan, revenue from the Resource Super Profits Tax will help fund a cash-flow boost to all 2.4 million small businesses by allowing them to deduct instantly the full cost of assets valued at up to \$5,000 instead of over several years.

And all small businesses will be able to depreciate all other assets (other than buildings) at a single rate of 30 per cent, saving both money and the red-tape burden of working with multiple depreciation schedules.

Australia's 720,000 small business companies will get a two-year head start in a cut to their company tax rate from 30 per cent to 28 per cent.

"All these small business tax benefits are now in jeopardy as a result of Mr Abbott's callous decision to block the resources tax," Dr Emerson said.

Table: examples of the small business purchases which would be fully tax deductible in the year of purchase under the Rudd Government's plan

| Asset | Cost | Current first year tax deduction | New first year tax deduction (from 1 July 2012) |
|---|-------------|---|--|
| Dell Precision M6500 Laptop | \$4,199 | \$630 | \$4,199 |
| Dell Precision Desktop T7500 Work Station | \$3,599 | \$540 | \$3,599 |
| Sharp SUP700 Hospitality Cash Register | \$1,994 | \$299 | \$1,994 |
| Gentech generator 11 kVa | \$4,569 | \$685 | \$4,569 |
| 250 Amp MIG Welder | \$1,295 | \$194 | \$1,295 |
| Eagle petrol air compressor | \$1,275 | \$191 | \$1,275 |
| Zumoval minimatic automatic orange juicer | \$4,840 | \$726 | \$4,840 |
| Nic Premium Cobalt 6 Inch Hairdressing Scissors | \$1,485 | \$223 | \$1,485 |
| John Deere ride on mower LA105 model | \$3,490 | \$524 | \$3,490 |
| Bezzera Commercial Coffee Machine | \$3,600 | \$540 | \$3,600 |
| Frymaster deep fryer | \$4,345 | \$652 | \$4,345 |
| Karcher High Pressure Cleaner | \$1,054 | \$158 | \$1,054 |
| Birko 300mm meat slicer | \$1,129 | \$169 | \$1,129 |

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