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E&OE

Subjects: Assistance from the ATO for small businesses, Tony Abbott's promise to deny tax breaks for small businesses

TRIOLI: Now, the Tax Office has announced that it'll be tripling efforts to penalise small businesses that use cash to avoid paying tax.

ROWLAND: The Council of Small Business Organisations says small business is being unfairly targeted by the Tax Office and the Government.

For more, Small Business Minister Craig Emerson joins us now from business - from Brisbane.

Minister, good morning.

EMERSON: Good morning, Michael.

ROWLAND: How extensive is this cash economy with small businesses avoiding paying tax?

EMERSON: Oh, look, it's always been there and, obviously, it's in fact in the interest of small businesses that those who simply refuse to pay tax are brought into the tax net for this simple reason: the ones who refuse to pay tax get a competitive advantage over the ones who do meet their tax obligation. So that's one side of the coin and that's a necessary aspect of keeping the playing field level, if you like, for small businesses.

But we also announced that there will be an extension of a program offered by the Tax Office, costing \$55 million, to help those small businesses that are viable but are still struggling in the aftermath of the global recession.

This is a program that was put in place last year and something like 100,000 instances have occurred where small businesses are being helped by not being charged penalty interest.

So the Tax Office is easing off on those small businesses that are viable but are just struggling with their cash flow at the moment. Because we don't want to see small businesses close their door; but on the other hand, those small businesses that just refuse to pay tax otherwise would get a very strong competitive advantage over the honest small businesses.

So that's how we're dealing with that particular issue.

ROWLAND: A lot of small business groups say that a tax relief measure, while welcomed generally, could make it harder for a lot of businesses to get access to finance. How do you deal with that criticism?

EMERSON: Well, I - that's bewildering. I mean, if you've got a - the Tax Office working with small businesses to support them through the economic recovery, I think that's just absolutely and clearly good news. And for anyone to say that that's a problem, I wouldn't think that they've got the interest of small businesses at heart.

I certainly would ask a small business owner, would you be prepared or would you be happier to be assisted by the Tax Office? I think they'd say, 'yes, please'. So I think that's pretty negative commentary if people are saying it's a bad idea.

You ask any of those small businesses, they'll think it's a really good idea.

ROWLAND: Now, Scott Driscoll, one of the representatives of the retail sector, claims the Government is part of its crackdown on businesses using cash to avoid paying tax, of using small businesses as a cash cow, a reason simply to raise revenue. Are you unfairly targeting the small business sector?

EMERSON: Oh, well, I think you should discount what Scott Driscoll has to say. He is a life member of the Liberal/National parties. He has been seeking pre-selection for seats such as the seat of Wright; and I think it might be better if you actually relied on objective commentary, rather than a guy who puts out a press release every second day slamming the Rudd Labor Government, and

now the Gillard Government, for everything that we do for small business.

He's an absolute partisan, and I think it's a bit disappointing if you think that Scott Driscoll is an objective person. He will criticise any and every thing that we do. The last thing he criticised only two days ago was the stimulus, the stimulus that kept so many small businesses' doors open, that has resulted in part, at least, in 350,000 more jobs in the last 12 months. Scott Driscoll thinks that's all very disappointing.

Now, the fact is we've supported small business through the global recession, we're supporting them through the recovery, and we want to provide tax breaks for small business funded by the mining tax - which Scott Driscoll opposes, Scott Driscoll opposes, no surprise. Tony Abbott also opposes that, and confirmed at the small business summit yesterday that he would deny small businesses the capacity to have tax breaks because he says he wants to give the revenue from the mining tax back to the mining industry, when the mining industry itself has said it's quite happy to pay more tax.

So that's Tony Abbott's priorities; that's Scott Driscoll's priorities, but they are not the priorities of the Gillard Government; we will provide tax relief for small business.

ROWLAND: Craig Emerson in Brisbane, thanks for your time this morning.

EMERSON: Rightio, thanks very much.