



## SPEECH

# CRAIG EMERSON

Member for Rankin

28 May 2007

### TAX LAWS AMENDMENT (SMALL BUSINESS) BILL 2007

#### Consideration in Detail

[Dr EMERSON](#) (Rankin) (8.20 p.m.)—Sadly the coalition government has voted against Labor's BAS Easy proposal. It says that it is a friend of small business, but the Treasurer obviously finds BAS Easy too hard. BAS Easy is an option for a small business to be able to complete its GST bookkeeping requirements within a few minutes rather than the several hours that are required under a GST that has been in operation now for more than six years. You would think that, if it genuinely was a friend of small business, the government would embrace Labor's BAS Easy proposal. Instead the Treasurer announced in the budget that he would extend the simplified accounting methods to a greater range of small businesses—not just mixed food retailers but to all small businesses—but only on the basis that if a small business wanted to have a look at the option of the simplified accounting methods then that business would be able to approach the tax office. Our grave concern is that the Treasurer has wanted to give the appearance of helping out small businesses with their GST bookkeeping requirements but in fact will not give any such help at all. If he were genuine about giving help then he would have instructed his coalition members to support BAS Easy. The fear we hold is that if the coalition were re-elected then the answer that small businesses will get from the tax office, when approaching and asking what ratio they might be entitled to, will be a very unfavourable one—in other words, defeating entirely the purpose of simplifying the GST bookkeeping requirements.

In order to explore that a little further I have foreshadowed to the revenue minister that we would like to get a greater understanding of the proportion of small businesses that are availing themselves of the simplified tax system. Labor supports the simplified tax system. I think I can say that on behalf of the shadow Minister for Revenue and Assistant Treasurer. It is a good idea. It allows small businesses to group small assets and to write them off either immediately or at a faster rate than otherwise would apply. There are other benefits as well of the simplified tax system. I would point out that when Labor senators were asking government officials in November last year about the proportion of small businesses that were availing themselves of the simplified tax system and therefore would be eligible for the simplified accounting methods, the answer given was the figure of around 28 per cent.

We accept that the simplified tax system at that point in time was still relatively new and that it would take time for accountants to advise small businesses of the benefits of the simplified tax system. It is not a criticism. We

are simply pointing out that 28 per cent of eligible small businesses seems to be a rather small proportion. We did hear from the minister that there is something in excess of 600,000 businesses now availing themselves of the simplified tax system. That sounds like a lot, but I am not sure how the tax office or Treasury is counting the total number of small businesses. We are asking a simple question—that is, the proportion of eligible small businesses that is accessing the simplified tax system. I accept the possibility, though not the likelihood, that the minister will not know the answer to that question—although I did alert him to that a little earlier. I hope he will be able to enlighten us here tonight. If he cannot then we would like to pursue this matter further so that we have a better understanding of the whole operation of the simplified tax system.

**Dr EMERSON** (Rankin) (8.30 p.m.)—The reason for the government's decision to oppose BAS Easy is now clear. The Assistant Treasurer has conveyed to this parliament his ignorance of the proposal. He has said that this proposal of the Labor Party would create new changes and extra challenges for small business. Since when did an option create those sorts of complications? It has been made clear time and time again in our public statements that BAS Easy is an option. If, as the minister asserts, small businesses are deliriously happy with spending many hours a week doing the GST bookkeeping, and have nothing else to do with their time, then they can stay with the existing system. We have made that perfectly clear.

What Labor is doing is providing an extra option—an option based on taking snapshots twice a year, once in the first half of the year and once in the second half of the year. This should sound familiar, even to the minister, because it is an adaptation of the simplified accounting methods. Those simplified accounting methods were first introduced not long after the GST was introduced but they were limited to a very small range of businesses—that is, mixed food retailers. The purpose of extending the simplified accounting methods to other businesses was to give them the option of taking the benefit. They do not have to if they do not want to. If they are as happy as Larry or as happy as the minister says they are, fine; they can stay with the existing system. What is wrong with an option?

*Mr Bowen interjecting—*

**Dr EMERSON**—In the case of the superannuation clearing house, as I am reminded by the member for Prospect, again, the government says, 'This could be very complicated.' Well, not if it is an option. They do not have to do it. What is wrong with options? What is wrong with choice?

This government says it is all for choice. We see this in Work Choices, which is no choice at all. In the case of working Australians who want to bargain collectively and who go to the employer and say, 'We want to exercise our choice to bargain collectively,' under the Orwellian Work Choices legislation the employer can say, 'You think you've got a choice, Pal? Well you ain't got no choice whatsoever, because we're not going to talk to you about your desire to bargain collectively.'

If we are talking about freedom and choice, let us give a choice to everyone. Let us give a choice to working Australians who want to bargain collectively. Let us give a choice to those small businesses that want to access Labor's proposal for a superannuation clearing house. And let us give a choice to small businesses that want to avail themselves of BAS Easy. Yet this minister mischievously presents it not as a choice, not as an option, but as an obligation. It is not an obligation; it is a choice.

Those simplified accounting methods, according to the Treasurer, are a very good idea. He introduced them in around 2001. He has extended them somewhat since then. He announced in the budget that they would be extended further, to any small business—not just to small restaurants, cafes and catering companies, but to any small businesses who wanted to go to the tax office and say, 'I'm really interested in cutting my GST bookkeeping requirements; I'd like to talk to you about you issuing me a ratio, or we'll do a snapshot. Let's have a talk.'

The problem—and it is evident in the behaviour of the coalition tonight—is that it is pretty clear that if this government were re-elected, that would be a very short conversation. The tax office would say words to the effect of, 'Yes, we've got a special ratio for you: it's called 10 per cent. Ten per cent, the full Monty, because you're not getting any GST input tax credits.'

**The DEPUTY SPEAKER (Mr Jenkins)**—Order! I remind the honourable member for Rankin that the question is that the bill be agreed to. We are in consideration in detail; we should be discussing the clauses of the bill. It is not an opportunity to reopen the second reading debate.

**Dr EMERSON**—And the clause of the bill relates to the option of getting that ratio from the tax office; that is not going to happen if this government is re-elected. That is a crying shame. This government should recognise that the No. 1 bugbear for small business is still, after six years, the GST bookkeeping requirements. This government ought to have adopted BAS Easy, but each and every one of its members voted tonight against BAS Easy.

Bill agreed to.