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Small business wins red-tape regulation review

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Many small firms, especially retailers and motor dealers, also argue that the government is not doing enough to regulate predatory pricing behaviour by big businesses.

"In the absence of quantifiable proof, we do have other indicators that suggest that the success of governments in reducing regulation by 50 per cent has been far from successful," Australian Chamber of Commerce and Industry chief Peter Hendy said.

The Australian Bureau of Statistics defines small businesses or middle-market companies as those with turnover of \$20 million to \$50 million and a maximum staff of 200.

But the definition is fluid: the ATO classifies its small-to-medium segment as businesses with

THE COUNCIL

Some key members:

- Kim Tunbridge, founder of Sydney law firm Jungle Management (chair)
- Amy Lyden, 2002 Telstra Small Business Award winner
- John Malkovich, manager ACT recruitment firm SOS Recruitment
- Ken Porter, store manager, Wallace Rockhole Tourist Park, Alice Springs
- Alison Stubbs, GM Freycinet and Strahan Adventures, Tasmania
- Craig Wickham, MD Adventure Charters, Kangaroo Island

turnovers between \$2 million and \$100 million. The small business sector is a key constituency of the coalition government, employing

half the private-sector workforce and contributing one-third of national output.

Council of Small Business Organisations chief executive Mike Potter said the group would "push the paperwork issue" over the coming months in the lead-up to the next federal election, which is expected some time next year.

"The general feeling among small business is that red tape has gotten worse. And it's not just federal: some state building approvals take 12 months — regulation has gone mad," he said.

The burden of the latest GST crackdown by the ATO appears to have fallen squarely on smaller businesses.

ATO audit results released last month show micro business — with turnover of less than \$2 million — paid \$15 million in GST penalties last

year, small-to-medium enterprises paid \$7 million, but big business — with turnover of \$100 million or more — paid only \$9000.

Mr Hockey provided no detailed information on the new group's work yesterday, but he wrote in a recent letter to the *AFR*: "We will continue to pressure the Labor state and territory governments to reduce the burden of their excessive taxes and we will continue to push for small businesses to be exempted from the job-destroying unfair dismissal laws."

According to a recent report by the NSW Chamber of Commerce, small businesses spend two-thirds of their paperwork time on state and territory tax requirements, including payroll tax, stamp duty and land tax.

It concluded that an average small business of 10 to 15 employees in NSW was spending as much as 200

hours a year on tax paperwork.

In addition, changes to superannuation mean employers must now pay the compulsory 9 per cent superannuation guarantee each quarter.

Late payments lose tax deductability, attract interest and a \$3300 penalty per employee.

"This was done with the best of intentions but it's another layer of complexity designed by people who never have to dirty their hands with these compliance issues," said Jonathan Sear, a CPA for 20 years and partner at Sear & Marsh in Melbourne.

Mr Sear also said the pending ATO audits targeting GST compliance would "blow everyone away". "Accountants are not prepared for the audit process as they cannot properly keep up to date," he said.