



# CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND SUBMISSION

- ▶ *Treasury Laws Amendment (Enterprise Tax Plan) Bill 2016*  
Economics Legislation Committee

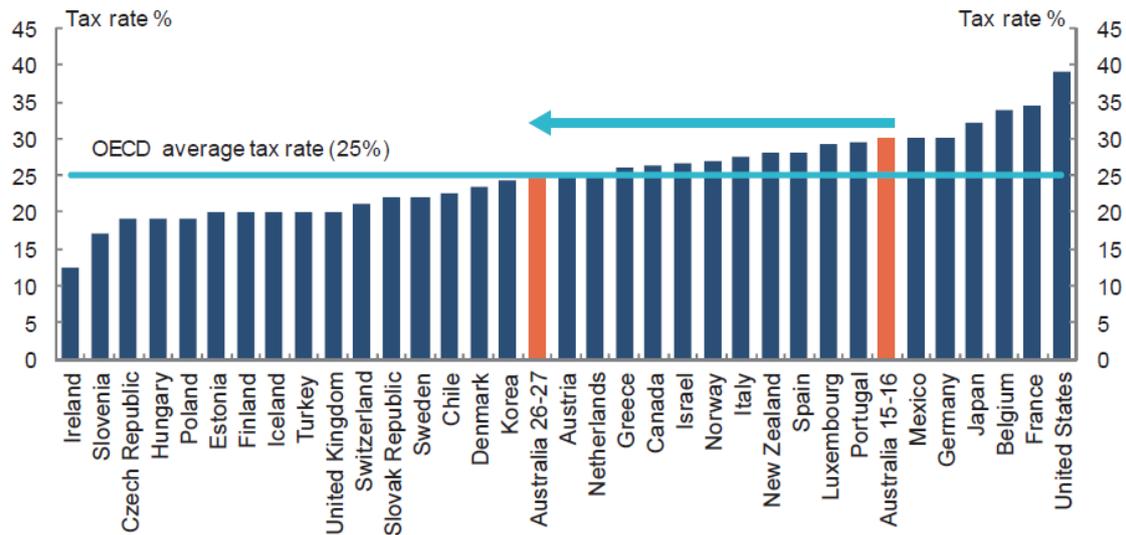
SEPTEMBER 2016

1. The Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide a submission to the Economics Legislation Committee on the *Treasury Laws Amendment (Enterprise Tax Plan) Bill 2016*.
2. CCIQ welcomed the announcement of the Federal Government's 10-year Enterprise Tax Plan at the last Federal Budget, which will materially benefit the State's 416,000 small and medium businesses that employ close to two million Queenslanders.
3. The Turnbull Government's campaign for the July 2016 election was premised on the Coalition's economic plan for which the Enterprise Tax Plan was central government policy. The re-election of the Turnbull Government demonstrates support by the Australian people for measured tax cuts and incentives for small businesses as well as hard working families.
4. The Government's Enterprise Tax Plan represents an investment in Australia's future prosperity and high standard of living, and is set to provide an annual growth dividend that will boost Australian small and medium business (SME) confidence, investments and jobs.
5. The Enterprise Tax Plan seeks to reduce the corporate tax rate for small businesses with an aggregated turnover of less than \$10 million to 27.5 per cent for 2016-17 financial year and progressively extend that lower rate to all corporate tax entities by the 2023-24 financial year. It is further proposed that the corporate tax rate be reduced in stages so that by the 2026-27 financial year, the corporate tax rate for all entities will be 25 per cent.

<b>Income year</b>	<b>Applicable Turnover Threshold</b>	<b>Company Tax Rate (%)</b>
<b>2015-16</b>	\$2 million	28.5
<b>2016-17</b>	\$10 million	27.5
<b>2017-18</b>	\$25 million	27.5
<b>2018-19</b>	\$50 million	27.5
<b>2019-20</b>	\$100 million	27.5
<b>2020-21</b>	\$250 million	27.5
<b>2021-22</b>	\$500 million	27.5
<b>2022-23</b>	\$1 billion	27.5
<b>2023-24</b>	all companies	27.5
<b>2024-25</b>	all companies	27
<b>2025-26</b>	all companies	26
<b>2026-27</b>	all companies	25

6. A corporate tax rate of 25% will pleasingly land Australia at the OECD average as it stands today. Currently, Australia's share of corporate tax revenue to GDP is the fourth highest in the OECD.
7. Australia's corporate tax rate of 30% is higher than that of many other countries, particularly some like Hong Kong, Singapore and Ireland, which have used low tax rates to help attract international investment. Relative to other similar size OECD countries, Australia's corporate tax rate is considered to be high.

**Figure 1: Comparison of corporate tax rates of OECD countries**



8. Reducing the corporate tax rate would lead to greater foreign investment which, by producing capital deepening, would lead to increased labour productivity resulting in higher wages and increased workforce participation.
9. More foreign investment in Australian companies will allow the country to continue expanding and growing as a nation. Historically, Australia has relied on overseas investment to develop infrastructure and industries, as well as open up opportunities to bring in new business through connections in different markets.
10. The Enterprise Tax Plan seeks to also enable small businesses with an aggregated turnover of less than \$10 million to access most small business tax concessions, and small businesses with an aggregated turnover of less than \$5 million to access the small business income tax offset.
11. Collectively, these measures are anticipated to save Queensland SMEs \$250 million in 2016-17, and dramatically rise across the next decade. These proposed changes are projected to grow the overall Australian economy on average by \$16.1 billion each year over the next 10 years.
- 12. Therefore, CCIQ supports measures within the Bill which will provide a much needed boost for small businesses to invest and expand to create more economic growth and job opportunities.**
13. We thank the Department for the opportunity to provide comment and welcome any feedback. Please contact Nick Behrens, Director of Advocacy, at [nbehrens@cciq.com.au](mailto:nbehrens@cciq.com.au) for matters relating to this submission.