

MEDIA RELEASE



FORREST ACT 2603
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27 February 2015

REMOVE CAPITAL GAINS TAX FROM FAMILY BUSINESS TRANSFERS

The Australian Government should remove capital gains tax from business ownership transfers within families, the Chief Executive of the Australian Trucking Association, Stuart St Clair, said today.

The change is one of the recommendations in the ATA's submission to the Productivity Commission inquiry into business set-up, transfer and closure.

Mr St Clair said the current capital gains tax (CGT) arrangements discouraged family businesses from transferring business ownership to the next generation.

"Family businesses are the heart of Australia's trucking industry," Mr St Clair said.

"Previously, family businesses were able to use arrangements such as trust cloning to avoid triggering a capital gains liability when transferring ownership of the business within the family. However, this was abolished in 2008.

"The intent of business taxes is to collect revenue in the simplest way possible, without preventing businesses from increasing employment and contributing to economic growth.

"CGT on family businesses works against this. When a parent passes on their business to their children, they receive no benefit.

"The children could be liable if they chose to sell the business outside of the family, as they then benefit financially from the sale. But a change of company ownership within a family should not attract CGT."

The submission recommends the process for individuals wanting to start a business should be simplified.

"The first step for individual wishing to start a business is to obtain an Australian Business Number (ABN)," Mr St Clair said.

"Currently, an individual cannot obtain an ABN unless they are carrying on an enterprise or have taken significant steps to commence one, such as signing contracts, issuing invoices or purchasing equipment.

"In many cases, though, an individual cannot do these things without already holding an ABN.

"The ABN arrangements should be amended to allow individuals to register for an ABN with the *intent* of carrying out an enterprise, avoiding this catch-22 situation."

The submission also argues that the Australian Government should increase the small business turnover threshold to \$3 million to provide support to high-turnover, low margin businesses.

"While businesses that exceed the current threshold of \$2 million have a high turnover, they may not have extensive resources available to meet sophisticated tax administration requirements," Mr St Clair said.

"Raising the small business turnover threshold would enable these businesses to meet the small business requirements instead, encouraging further growth and removing red tape."

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The submission is available at: <http://www.truck.net.au/advocacy/submissions/productivity-commission-business-set-transfer-and-closure-submission>.

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