

# MEDIA RELEASE



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## TAX REFORM NEEDED TO SUPPORT SMALL AND FAMILY BUSINESS GROWTH

The Australian Government should reduce small business tax complexity and remove capital gains tax from family business transfers, the CEO of the Australian Trucking Association, Christopher Melham, said today.

Mr Melham was releasing the ATA submission to the Government's Re:think tax discussion paper.

"The trucking industry is largely populated by small businesses with just one or two trucks. Many of the businesses are family owned or run," Mr Melham said.

"The ATA was very pleased that the importance of small business was recognised in the recent 2015 Budget, with an estimated 45,000 of Australia's 49,000 trucking businesses to benefit from the small business tax cut and improved asset deduction process.

"However, tax compliance is still an expensive and time-consuming exercise for small businesses."

The submission calls on the Government to remove capital gains tax (CGT) from business ownership transfers within families to encourage business succession planning.

"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," Mr Melham said.

"Capital gains tax on family businesses works against this. When a parent passes on their business to their children, they receive no benefit – they are essentially passing on their source of income and should not pay CGT.

"The current arrangements limit the viability of transferring businesses, and can cause great distress and conflict within families. As deceased estates are not subject to CGT, some family businesses may have to wait for the older generation to pass away before the younger generation can take ownership – a very upsetting situation."

Mr Melham also called for the Government to streamline and simplify the current small business CGT concessions.

"Under the current arrangements, small business CGT concessions can only be accessed by businesses that meet the maximum net asset value test, even if they are already considered to be a small business through other government tests," Mr Melham said.

"Simplifying this requirement to align with other small business concessions will reduce compliance costs for these businesses, in line with the Government's red tape removal agenda."

The submission also reiterates the ATA's call for the Government not to implement proposed direct road user charges until it has proven that the system is revenue neutral and that its complexity does not overburden the heavy vehicle industry.

The submission is available at <http://www.truck.net.au/advocacy/submissions/rethink-tax-submission>.

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