

## BUDGET

## GOOD NEWS FROM THE BUDGET



MYOB MD: Tim Reed

*Micro-businesses with turnover less than \$75,000 are exempt from the GST, Tony Kaye reports*

**T**HE federal Government threw some tasty morsels to small business in its budget, announcing that those with low annual turnover would not need to register for the GST.

From July 1, businesses with annual turnover of less than \$75,000 will not have to register for the GST, up from the current exemption level of \$50,000.

Also, from July 1 next year, small businesses in this turnover range will only need to pay their pay-as-you-go tax instalments and lodge one business activity statement a year, instead of quarterly.

Furthermore, after June small businesses making purchases worth less than \$75 will not need a tax invoice to claim an input tax credit.

It's good news for many, especially micro-businesses that are usually owner-operated and have no other employees. But small business experts say the Government's changes are only tinkering at the edges.

"We welcome many of the initiatives outlined in the 2007 federal budget and the impact they will have on small businesses, while remaining cautious about the potential expan-

sionary effect and any flow-on that may have into interest rate increases over the next 12 months," MYOB managing director Tim Reed says.

"The health of the overall economy is the main driver of the health of small business. Clearly the economy is travelling very well and the budget indicates that it's going to travel fairly well through the next 12 months, which is a really great start for small business."

Reed says the GST reforms are welcome, "although in many senses this is just a catch-up for the impact of inflation since the introduction of GST. The extension of the simplified GST system is welcome, but we believe the Government should go much further to simplify the GST system from the bottom up, rather than making surface improvements to an unnecessarily complex system".

"Red tape has consistently proven to be a burden for business owners. We'd encourage the Government to continue to make improvements in that area."

Ross Hancock, managing director of the Queensland-based Results in Business Institute, says: "The Government seems to have addressed the

issue of low-income earners by giving them tax concessions. But it doesn't seem to address the issue, (shown by) a recent survey conducted by the Results in Business Institute, that some 60 per cent of the small business community has a staff member taking home more weekly pay than they are.

"Where are the concessions for the small business person?"

"The results are obviously quite concerning and reflect the enormous pressure to pay high wages on business owners employing staff, especially because low unemployment makes it more difficult to find and retain good staff."

According to Paul Wright, owner of the Right Team, a small business based in Shellharbour, NSW, the budget changes are good generally, such as the changes to small business concessions for GST.

"The changes to the GST threshold are a good thing. They help small businesses that aren't making a lot of money," Wright says. "Overall, I think there have been some changes in the right direction, but there's definitely more work to be done.

"Rather than dealing with the bells and whistles, it's about a ground-up

build, really. That has been the constant clamour of small business for the 25 years I've been in business in various forms. The Government keeps adding bits to it, rather than doing a complete, systematic review."

Wright says the trades shortage, in particular, means some skilled workers are able to extract more money from their boss because their skills are in demand.

"The companies are being held over a barrel and that only aggravates the situation. The boss is running the business, taking all the commercial risk, and the employees are almost holding them to ransom because the education system, unfortunately, has a lag in it."

MYOB's Reed says news on the increased support for apprenticeships is positive, as many small businesses are trade-based and recruitment remains a challenge.

"The new rules should make it more attractive for school-leavers to join these businesses," he says.

"The funding of additional technical colleges will also assist in this area and the higher education announcements will have a long-term benefit for small business."