

NATIONAL INDEPENDENT RETAILERS ASSOCIATION

Media Release

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Finished with Henry IV now for Henry V

NIRA is pleased with much of the government's response to the Henry Tax review and sees it as a good start to the tax reform small business needs.

Peter Strong, CEO of NIRA, stated today "There are positive for small business in the response of the government to the Henry review. Decrease in red tape to do with depreciation is a great outcome, we will have no more scratching heads about the depreciation rates and keeping long term records on purchases of computers and general office equipment and shop furniture. People who own a business can now purchase and claim in one year instead of over various financial years for purchases up to \$5k, but it should have been the \$10k recommended by Mr Henry."

Mr Strong also added "The changes to the tax rate on companies is good although many small businesses do not have a company structure and will not benefit from this cut and big business will gain the most. The cut should also have been down to the 25% as recommended."

Mr Strong added that "The other pleasing feature from the government is that some of these responses are small business specific. So often in the past we have heard claims that small business will benefit and in the end the changes have been for all businesses and big business has been able to take better advantage of the change. We are now seeing a response to the fact that a small business is normally one or two people who rely on the business for their income and for their families welfare, and need more time to do that and less time for compliance. But the response is not as all encompassing as the early media leaks suggested and there is still much to be done."

NIRA believes that we need to continue to focus on small business as individuals and not see them as a smaller version of large corporations. We need to quickly build on these changes and get further red tape cuts out to small businesses. We also need to make a tax return for a small business owner a much easier process.

Peter Strong further stated "This is a good response but, as always, it is not a perfect response. The fact that some 1.6m small business owners have to continue to wrestle with superannuation payments that should be the responsibility of individuals and of the tax office is disappointing. This is even more disappointing when you consider that the cost of labour for small business will rise due to the superannuation increase. There is also some

confusion about how the rises will take place and how this will affect other pay rises. We should just take smaller employers out of the super equation and let us get on with making a living, not becoming involved in the financial affairs of other individuals. And the banks have got away scot free and, indeed, will increase their profits yet again, at the expense of small business. We should have introduced, through the tax system, some way of controlling the culture of greed that has overcome our banking system.”

Mr Strong added “Those who know Shakespeare will understand that Henry IV tried hard but created a mess of his Kingdom while Henry V was able to bring it all together at Agincourt. Let’s hope that we see more of Henry V in the near future.”

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