

BUDGET REVS UP 'ENGINE ROOM' OF NATIONAL ECONOMY

Small business is one of the biggest winners from tonight's Federal Budget under a \$5.5 billion economic package which includes reducing the tax burden for small business to the lowest level in nearly 50 years.

"The small business measures announced tonight are very welcome," according to Canberra Business Chamber CEO, Chris Faulks. "In particular, the reduction in the tax rate from 30 per cent to 28.5 per cent for businesses with a turnover of less than \$2 million will drive growth in this sector.

"Small business is the engine room of the national economy, employing more than half of the country's workers. In the ACT there are over 26,000 businesses and 97 per cent of these are small businesses employing less than 20 people."

Non-incorporated businesses will receive a 5 per cent tax discount up to \$1,000.

Other measures aimed at stimulating small businesses include immediate tax deductibility for all items purchased up to \$20,000 and start-up legal and accounting costs.

"The small business package will encourage new businesses to start up and existing businesses to invest," Ms Faulks said. "In light of the current subdued state of the ACT economy, this could help small business invest, create jobs and drive economic growth.

"Prosperity comes when businesses have the confidence to invest in capital, equipment, and people and to expand. This Budget will help improve business confidence in the ACT by providing more certainty. When combined with historically low interest rates and the end of indiscriminate public sector job cuts, we are optimistic about Canberra's future."

Fringe benefits tax will be abolished on all portable electronic devices and \$255 million will be invested in making it easier for businesses to interact with government agencies.

"Tax concessions for share employee schemes are also being expanded. The ACT is a hotbed of innovation and this measure could help local businesses attract skilled staff," Ms Faulks said.

Other initiatives for small business include development of a single online registration site, ability to change the structure of their business without incurring a Capital Gains Tax liability, and removing obstacles to crowd-sourced funding.

"We are pleased to see small business getting the recognition it deserves in this Budget. Canberra Business Chamber hopes this will help the small business sector continue to grow and employ and counteract the impact of public sector cuts," Ms Faulks said.

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