

Making taxes work for business

STATE TAXES



LAST year's Business Tax Review gave many business stakeholders an opportunity to have input into State tax reforms. One of the review committee's recommendations concerned the need for an ongoing tax committee focused on business.

Jackson McDonald tax partner Jonathan Ilberry said the committee could focus on making taxes work for the State and, in turn, make the State more competitive.

"[The committee could focus on] being more innovative in relation to tax, rather than just been seen to stifle business ... trying to get it to encourage business into WA," he said.

While supporting reform, most panelists agreed that State taxes were a 'dead hand' on business and recent increases should be wound back as soon as additional revenue from GST filtered through from the Federal Government in 2007-08.

Jonathan Ilberry, Jackson McDonald tax partner: "It's always a difficult process, tax reform. I hark back to a statement I made at the first [Business Tax Review] committee meeting last year where I was reminded what Roger Douglas, a New Zealand minister for finance, said when he was involved in the first tax debates in Australia.

"Walking away from the first meeting he said that: 'It's like an exercise of death reform, everybody wants to go to heaven but no-one wants to die'. That's what tax reform is all about."

Peter Fitzpatrick, Motor Trade Association executive director: "I am an advocate of tax reform. At a macro level I think GST hasn't delivered the benefits we thought it was going to deliver. There is no doubt that some States have fared better than others in the GST system.

"The dead hand of State taxes is having a real impact on our competitiveness and for a lot of people, predominantly small business, it makes the difference between them surviving or not surviving. I have genuine concerns



DIFFICULT PROCESS: Jackson McDonald tax partner Jonathan Ilberry (right) and WA Business News executive director Elton Swarts. Photo: DONNA SWAN

the fourth lowest. We've got \$1790 per capita, Victoria has \$1928 and New South Wales has \$2109.

"I think we had a really good exercise in the business tax review. I was really impressed by the way people took a broad view and despite the fact we had a broadly revenue neutral condition we got a pretty substantial package of reforms.

"We've had a good exercise here, not withstanding the comment we could have been bolder, and I think we have, despite the level of taxation, got a system that will involve less compliance costs for business and less administration costs for the office of State revenue."

Gavan Forster, Master Builders Association director: "The thing that the builders are really concerned about is the pressure points, where they see the equity as not being there,

that areas like stamp duty and payroll tax are now relied upon as a third of our State taxes."

Eric Ripper, Treasurer: "What we have tried to do in the business tax review is to eliminate those circumstances where WA has been

quite out of the market in terms of competitiveness in particular matters and tried to harmonise our arrangements with other States.

"We are the third highest taxing State or as the treasury briefing notes used to say when I came into power

