



Australian
**Small Business and
Family Enterprise**
Ombudsman

MEDIA STATEMENT

23 March 2022

Ombudsman welcomes cash flow boost, red tape reduction

The Australian Small Business and Family Enterprise Ombudsman Bruce Billson has welcomed today's Federal Government pre-Budget [announcement](#) providing a cash flow support to small and family businesses through changes to PAYG tax and commitment to reducing red tape.

Under the proposed changes, the 10% GDP uplift rate that applies to PAYG and GST instalments will be reduced to 2% for the 2022-23 financial year, subject to the legislation being passed in parliament.

"This measure would free up some cash flow for the collective kitty of small and family businesses, by reducing the tax burden on them," Mr Billson says.

"Small and family businesses are however advised to keep abreast of their tax obligations as they would need to pay any extra tax owed at the end of the financial year, if their business earnings exceed what is calculated quarterly.

"We welcome the government's proposed update of the PAYG system from early 2024 to allow for PAYG to be calculated in real time, based on the how the business is tracking financially.

"These proposed changes would provide an automatic refund of tax paid in the year if a company with PAYG instalment obligations reports a substantially lesser profit than anticipated or indeed a loss."

Today's pre-Budget announcement also included broader measures to utilise technology to help reduce compliance costs and improve processing times for small and family businesses.

Links between Single Touch Payroll data from the ATO and state governments means tax returns and other forms can be pre-filled – a change the government estimates will benefit about 170,000 businesses that pay payroll tax.

Similar technology will be used to pre-fill annual tax returns using BAS for contractors who use the taxable payments reporting system. The government states this will benefit up to 190,000 businesses.

"Reducing red tape allows small and family businesses to get on with what they do best – growing their business," Mr Billson says.

"Ultimately, we welcome any measure that supports small and family businesses in driving jobs growth, particularly during this national recovery phase.

"Moves to remove unnecessary headwinds are helping make Australia the best place to start, grow and transform a business.

"We look forward to seeing further detail on these small and family business measures and more in the Budget next week."

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