



## **MEDIA STATEMENT**

**29 March 2022**

### **Budget support for Australian small and family businesses**

The Australian Small Business and Family Enterprise Ombudsman Bruce Billson says the Australian Government's 2022/23 Budget offers welcomed targeted support to Australian small and family businesses.

The Budget includes several new, extended and enhanced measures to support the central role of small and family businesses in driving employment and economic growth:

- New tax deductions – Technology Investment Boost and Skills and Training Boost
- Tax system reform and administrative streamlining for small businesses
- Targeted assistance for recovery impaired industries
- \$365 million to support an extra 35,000 new apprentices and trainees
- Temporary fuel excise relief
- Changes to procurement guidelines to support SMEs securing Commonwealth contracts
- \$480 million to significantly upgrade NBN fixed wireless services
- \$10.4 million to redesign the Payment Times Reporting Portal and Register to improve efficiency and reporting
- \$8 million allocated to ASBFEO to work with proven service providers to enhance small business capability
- \$5.6 million to establish a dedicated unit to support small businesses at the Fair Work Commission
- \$4.6 million to support Beyond Blue's New Access for Small Business Owners program
- \$2.1 million to extend the Small Business Debt Helpline program
- Data collection and reporting
- Further insolvency reforms

"Tonight's budget represents a financial and strategic commitment to ensuring small and family businesses are digitally enabled, resilient and have the support, incentives, skills and training needed to be truly competitive," Mr Billson says

#### Technology Investment Boost

Small businesses with annual turnover of less than \$50 million will have access to a 20% tax deduction for expenses and depreciating assets associated with digital uptake. This is capped at \$100,000 in expenditure.

"This is another incentive for small and family businesses to go digital and invest in items such as cyber security systems, cloud-based service, accounting or e-invoicing software," Mr Billson says.

"Hardware such as laptops and portable payment devices would also be eligible.

“Deeper digital engagement has been the saviour for many small and family businesses throughout the pandemic and this commitment to help SMEs build their digital capacity is an important investment in their future.”

### Skills and Training Boost

Small businesses with annual turnover of less than \$50 million will have access to a 20% tax deduction for the cost of external training courses delivered to their employees by providers registered in Australia.

“The cost of training staff can be significant, and this tax deduction will support small and family business owners investing in upskilling staff to drive productivity and competitiveness,” Mr Billson says.

### Tax

Changes to PAYG tax and a commitment to reducing associated red tape will offer some cash flow support to small and family businesses.

Under the changes proposed, 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.”

The government has also proposed 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.

### COVID recovery support

The Australian Government has pledged \$146 million to support the recovery of the Australian tourism sector in response to the pandemic impact, including further assistance for travel agents.

An additional \$38 million will be allocated to the arts sector, including independent cinemas, to assist with its recovery.

\$80 million will go to supporting small and medium export businesses to help re-establish their businesses in overseas markets.

“We’ve heard first-hand from small and family businesses that have had their COVID recovery impaired by closed borders, restriction of movement and disruptions to international supply chains and these measures will be welcomed,” Mr Billson says.

### New apprentices

The Boosting Apprenticeship Commencement wage subsidy, which provides employers with 12 months of wage subsidy support, has been extended by three months to 30 June 2022.

“This is an effective incentive for SMEs to continue their commitment to taking on new apprentices,” Mr Billson says.

“The cost of apprentices can be significant as they learn the ropes, so small and family businesses will welcome this wage subsidy extension.”

### Fuel excise

The budget provides for halving the excise on petrol and diesel from 44 cents per litre to 22 cents per litre for six months.

“This will go some way towards easing this key input cost, particularly for those in the transport sector,” Mr Billson says.

“These savings at the pump are expected to flow through to service stations in the coming weeks with the ACCC ensuring those savings flow through.”

### SME procurement

New procurement rules will make it easier for SMEs to secure Commonwealth contracts.

Under the proposed changes, government departments will be required to split up major projects, to give smaller contractors a greater chance at competing for the work.

There will also be more opportunities for SMEs in the defence arena, with the department permitted to purchase directly from SMEs or use tenders limited to SMEs, for contracts worth up to \$500,000.

“SMEs are now securing about a quarter of Commonwealth Government contracts and should be getting a larger slice of the pie,” Mr Billson says.

“Unbundling procurement contracts into more manageable components will level the playing field and enabling small businesses to be better places to contest and win that work.

“The extension of the government’s pay-on-time policy to all suppliers through the supply chain and changes to insurance requirements should support small business procurement participation.”

### Improved Connectivity

Small and family businesses in rural, regional and peri-urban areas will benefit from a substantial upgrade to NBN fixed wireless services.

\$480 million has been allocated to extend the coverage range from towers and increase the speed of services to customers. \$4.8 million will go towards extending the Mobile Network Hardening Program to support network resilience upgrades in regional Australia.

“For small and family businesses, particularly those outside our capital cities, connection to their customers is key to their success and resilience,” Mr Billson says.

“This expansion and improvement to essential internet services will encourage more digital engagement from the small business community, which we know translates to revenue growth.”

#### Payment Times Reporting Portal and Register

\$10.4 million to enhance and redesign the Payment Times Reporting Portal and Register to provide greater transparency about payment times.

#### Access to expert advice

The Australian Small Business and Family Enterprise Ombudsman will receive \$8 million to work with proven service providers to offer business planning, capacity building and financial literacy.

#### Fair Work Commission

A dedicated unit will be created in the Fair Work Commission to support small businesses including with unfair dismissal and general protections disputes.

This \$5.6 million measure will help small and family businesses navigate their workplace relations responsibilities and dealings with the commission.

“Most small businesses do not have dedicated HR managers or expertise,” Mr Billson says.

“This will provide much-needed support to small businesses who need faster resolutions and reduced costs and complexity in this space.”

#### New Access for Small Business Owners

The Australian Government has renewed funding for a critical mental health program tailored to small business owners.

An additional \$4.6 million in funding will ensure Beyond Blue’s New Access for Small Business Owners program can expand and continue to assist small business owners who need mental health support.

“Beyond Blue’s successful New Access for Small Business Owners program will continue to offer free one-on-one telehealth sessions with specially trained mental health coaches providing evidence-based advice on strategies for managing stress,” Mr Billson says.

“The additional funding will allow Beyond Blue to provide an extra six coaches to meet the needs of our small business community.

“Small business owners who look after their mental health, can also help their business. With this renewed funding in place, help is available to small business owners who need it.”

#### Small Business Debt Helpline

\$2.1 million has also been allocated to extend the Small Business Debt Helpline for 2022.

“This financial counselling support is welcome, particularly for small business owners who have loans secured against the family home and are uncertain about their future,” Mr Billson says.

#### Data collection and reporting

The Australian Bureau of Statistics will receive \$19.9 million to develop a new reporting application to enable businesses to submit survey business indicators directly through their accounting software.

“Streamlining of data gathering will ease reporting obligations on small businesses and improve the quality of data which provides valuable insights into the small business experience,” Mr Billson says.

A number of administrative improvements will streamline and integrate reporting obligations relating to Taxable Payments Reporting Systems data, benefiting around 190,000 businesses and the digital lodgement of trust income tax returns will benefit around 30,000 trusts that still use paper returns.

#### Fees

Fees associated with Australia’s Business Registers will be streamlined, including the removal of the company annual late review fee.

#### Insolvency reforms

A series of further reforms to insolvency arrangements are funded in the Budget, including \$22 million to address unfair preference payment rules, \$7 million to clarify the treatment of trusts with corporate trustees and just under \$1 million to implement recommendations from the Safe Harbour Review.

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