

News

Employment related taxes seen as ‘greatest burden’ by almost half of private businesses

- 42% of Australian private businesses say employment related taxes constrain domestic growth, compared to the global average of only 23%.

Despite recent promises by the government to ease the taxation burden on small business, Australia’s private business owners feel that their tax burden is increasing compared to 2009, according to the latest Grant Thornton International Business Report (IBR).*

Company tax and employment related taxes are seen as the greatest burden on business by 42% of Australian privately held businesses, up from 38% in 2009.

Almost a quarter (23%) of business owners see personal income tax levels as constraining their business growth (the same as 2009).

The perceived impact of indirect taxes such as GST is also increasing, with up to 13% of business owners seeing it as an issue (from 10% in 2009).

Mark Azzopardi, National Head of Taxation, at Grant Thornton Australia, remarked:

“Privately held businesses are the backbone of the Australian economy, yet the cost placed on business owners to employ people is considerable. With the combination of Federal tax on fringe benefits, compulsory superannuation contributions, State pay-roll taxes and workers compensation insurance, there are some hefty on-costs that employers have to deal with annually.

“In addition the recent Henry review missed the opportunity to reduce the impost on businesses in respect of these taxes many of which were slated for removal over ten years ago. Payroll rules and the taxes imposed are also overly complex with many employers struggling to cope with the administration skill required to comply.”

Desired International Tax Incentives

The IBR survey also found that employment related taxes are a key consideration for Australian businesses looking to expand overseas, with 70% of businesses saying the level of employment related taxation regimes would influence their choice of country.

The most attractive tax incentive for Australian businesses considering international expansion was a five year tax-free period (for 80% of businesses), followed by a stable tax regime (79%) and a low tax rate on business profits (76%).

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Notes to Editors

*Over 250 medium to large Australian businesses participated in the survey in October 2009.

Medium to large companies are defined as having between 20-299 employees.

The International Business Report

Grant Thornton International started a major annual survey of the attitudes and expectations of small and medium-sized businesses in 1992 called the European Business Survey (EBS). In 2003 the research project was widened to an international perspective covering medium-sized businesses and renamed the International Business Owners Survey (IBOS).

In 2007, the survey's name was changed from IBOS to the International Business Report (IBR). The IBR survey draws upon 17 years of trend data for original EBS participants and 7 years for original IBOS countries. The 17 year trend data is available for: France, Germany, Greece, Ireland, Italy, Netherlands, Spain, Sweden and the United Kingdom, while the 7 year trend data is available for Australia, Canada, Hong Kong, India, Japan, Mexico, Russia, Singapore, South Africa and the United States.

Grant Thornton International will donate US\$5 to UNICEF for every completed IBR questionnaire. In 2009, this will result in a donation of almost US\$36,000.

The research was conducted by Experian Business Strategies Limited. To find out more about IBR and to obtain details of IBR reports and results please visit www.internationalbusinessreport.com.

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