

Stephen Southon Transcript

What was the highlight of the budget from a taxation point of view?

The highlight of the budget really is the \$20000 right off for small business and also the measures for private producers around drought relief. The \$20000 will be great in my view because it will give all the small businesses that fit into that category of \$2m turnover or less will have a real incentive to go in and see suppliers right up until 30 June or even 30 June 2017 to upgrade, they get a straight tax right off and the value of that is reflected in their tax returns when they lodge them. Also, in the farming sector, the ability to get a tax right-off when we are in the middle of a drought straight away, for water conservation and storing feed and stuff, I think will give a real stimulus to the farming sector.

What did you take out of tax cuts for small business?

Tax cuts to small business will I think take a little bit of time to flow through. But again very welcomed. The 1.5% for companies will I think be fantastic in terms of letting people spend their expenditure a bit better knowing that they've got a little bit of tax relief at the end of the day which will also be reflected in the instalments which are paid along the way for companies. So company tax rate – fantastic. The unincorporated measures – the \$1000, can be put towards an upgrade of plants or training for staff etc. Indeed I think very welcomed.

What is the difference between incorporated and unincorporated tax cuts?

Essentially, if you're operating throughout a company, at the moment, you are paying 30% tax – that'll go down to 28.5% which is a 1.5% tax saving. If you're operating through a sole trader or by yourself, or through a partnership or trust etc, that's unincorporated. So that'll be a 5% discount on your tax payable up to a cap of \$1000.

Where do you see the tax reform debate going from here?

I think the issues that have been played out by the media about negative gearing, imputation etc, I think are in a lot of ways a sideshow. The big game on tax reform is getting the Australian tax system like some of our international competitors where you have less taxes on business, less taxes on individuals but more on consumption. I think a lot of the things we're seeing playing out are so called side shows and that will be the real move on tax reform.

What can families and consumers take out of the budget?

I think the greatest take out for me is that there is a stimulus on hand where businesses are encouraged to purchase equipment and goods and depreciable property. What you'll be seeing is people going too stock and station agents like Bunnings etc before the 30 June and after and what that does is have an effect on the economy and for consumers there will be a definite flow on effect.