



**GOVERNMENT COMMITMENT TO TAX REFORM IN QUESTION FOLLOWING  
RELEASE OF FEDERAL BUDGET**

The Federal Government commitment to tax reform is still in question following its Federal Budget announcement with very little in the Budget for the average business, said Pitcher Partners partner Ray Cummings.

“The good thing about the Budget from a tax perspective is that it does not appear to contain any major tax nasties. The bad thing is that it seems to provide nothing for business and the government is pushing the eventual corporate tax rate reduction as a key initiative for business.

“Apart from the resources super profits tax, the key measure for business is the reduction in the corporate tax rate from 30% to 28%, however, it’s worth bearing in mind that this does not phase in until the 2013 financial year for small businesses and 2014 for other businesses.

“Also, the fact that corporate tax rates are three years out means there’s no incentive to drive investment or stimulate business behavior at all.”

He said the proposed changes arising from the Johnson Report are to be commended insofar as they eliminate withholding tax on interest and should make borrowing cheaper and also propose changes to taxation of managed funds to encourage international investments, however, he said, “these again do not have a broader impact such as cutting the corporate tax rate sooner, or providing broader investment, or R&D allowances.

“This is a workman-like Budget according to Swan, but perhaps pedestrian and unimaginative to others,” Mr Cummings said.

END

*Pitcher Partners is an association of independent firms and an independent member of Baker Tilly International*

For further information please contact:

Melanie Kent, Director Manager, Marketing, Pitcher Partners (03) 8610 5605  
Karin Krueger, KDK Media, (02) 9979 3718 or 0419 991 267