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61,000 REASONS TO WELCOME CAPITAL GAINS TAX WIND BACK, BUT CHANGES SHOULD GO FURTHER

More than 61,000 NSW businesses will benefit from a federal government wind back of proposed capital gains tax rules. But there is more work to do.

A new small business carve-out for capital gains tax has been welcomed by the country's strongest state business organisation.

Business NSW – which represents 50,000 businesses across NSW – says the federal government's announcement this morning will be positively received.

But there must be a full removal of the changes announced in the federal budget which affect businesses.

The Federal Government announced an increase to the turnover threshold for the existing small business 50 per cent active asset CGT reduction from \$2 million to \$10 million.

"Small and medium businesses are facing the lowest levels of businesses confidence since 2009 and cannot absorb more costs in the current climate," Business NSW CEO Daniel Hunter.

"The Federal Government should be commended for listening to the business community and walking back some of these changes announced in the federal budget last month.

"However, the changes should go much further and we urge the government to consult more widely"

An additional 61,162 NSW businesses with a turnover between \$2-10 million dollars – that are highly likely to be employing businesses – will benefit from these changes, according to Business NSW analysis.

"Many small business owners pay themselves modest wages while carrying significant financial risk," he said.

"These changes would have been a tax bomb and could see owners hit with massive tax bills in a single transaction after decades of work.

"The walk back will go some way to alleviate the pain, but there is an opportunity to scrap all of the changes, consult with the business community and come up with a more considered suite of reforms that will help drive investment and innovation, not hinder it."

Entrepreneurship in NSW is already in steep decline, according to the ABS, with the share of business owning employers falling from 8 per cent in 2000 to below 5 per cent today – a record low.

“These changes have created significant uncertainty and risk making us internationally uncompetitive and incentivise people to set up businesses outside of NSW and Australia.”

About Business NSW

Formerly the NSW Business Chamber, **Business NSW** is the peak policy and advocacy body which has been representing businesses in NSW since 1826. We represent almost 50,000 businesses.

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