



PARLIAMENT OF AUSTRALIA  
HOUSE OF REPRESENTATIVES

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## Media Release

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### Windsor supports easing burden on small business

Independent Member for New England, Tony Windsor has supported the Government's [Tax Laws Amendment \(Small Business Measures\) Bill 2004](#).

Speaking in the Parliament last night, Mr Windsor said, "Obviously, any progress to assist in the compliance costs and the time small businesses have to spend filling out the BAS et cetera has to be welcomed..... The fact that we do seem to be dealing with little bits of the jigsaw means that the origins of the GST probably were not thought through as well as they could have been at the time.

I think it is positive that we are moving to fix up some of those things but there are still very real concerns out there in the land of small business in relation to the time taken, the compliance costs and the administrative costs of the GST.

I am particularly pleased—and I congratulate the minister and the government—about the first part of the new tax system amendment that provides small businesses and non-profit bodies which are voluntarily registered for the GST with the option to report and pay GST on an annual basis.

I think that is an important step forward and will be welcomed by many small businesses, as will the other two clauses within the legislation....".

Mr Windsor points out that, currently small businesses and non-profit bodies that are voluntarily registered for GST must generally pay and report GST on a quarterly or monthly basis.

Under the new law, these entities will be able to elect to lodge their GST returns and pay any GST liability on an annual basis. The reduction in the frequency of reporting and payments will reduce their compliance costs. The amendment will apply from 1 October 2004 for entities with quarterly tax periods and 1 November 2004 for entities with monthly tax periods. This measure is expected to reduce compliance costs.

Schedule 2 to this bill amends the *A New Tax System (Goods and Services Tax) Act 1999* to allow small businesses to elect to undertake annual apportionment of input tax credits for certain acquisitions and importations used for a partly creditable purpose.

Currently, small businesses that acquire goods and services that are used partly for non-business purposes are required to calculate the extent of non-business use for completion of the goods and services tax (GST) return in which they claim the relevant input tax credit. Under the new law, small businesses with an annual turnover that does not exceed \$2 million will be able to undertake apportionment of input tax credits for acquisitions and importations that are partly creditable on an annual basis.

This measure is expected to reduce compliance costs for small businesses as they will only need to apportion their input tax credits for partly creditable acquisitions and importations on an annual, rather than on a monthly or quarterly basis. Businesses will make a single end of year adjustment to take account of the non-business use of the acquisition or importation at the time of completing their income tax returns. This will allow further cost savings by allowing the GST and income tax information to be determined simultaneously.

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