Creating a more dynamic and resilient economy inquiry
Questionnaire response 2

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1. Support business investment through corporate tax reform

1. What features of the Australian business environment have encouraged or restrained investment over the past 10 years?

My business requires both physical space and labour to conduct semi-manufacturing operations for the Australian market. One of the major barriers to investment and expansion has been the sharp increase in commercial and industrial real estate costs. For example, our Western Australia warehouse lease was renewed two years ago following the expiry of a 10-year term. The landlord imposed a 40% rent increase, significantly impacting our cost base.

While some of our other sites are owned outright, we have still faced substantial cost pressures. State land taxes and council rates have risen markedly—particularly for foreign-owned land, which attracts penal rates. In Victoria, land tax more than doubled in the 2023–24 financial year. While I understand that some increase in council rates may reflect cost-of-living pressures or CPI-linked adjustments, it appears that government-imposed increases are themselves contributing to CPI growth, creating a feedback loop of rising costs.

2. What elements of the corporate tax system encourage and/or discourage investment and risk-taking?

While Australia's corporate tax rate remains high at 30%, additional indirect costs—such as council rates and land taxes—further discourage corporate investment. This burden is particularly acute for foreign-owned companies, which are often subject to penalty rates on land holdings. Foreign businesses invest capital into Australia and create local employment opportunities, yet they are effectively penalised through discriminatory tax treatments. This undermines Australia's attractiveness as a destination for foreign direct investment.

3. Which parts of the corporate tax system do you find the hardest, or most time or cost-intensive to comply with? How could the compliance burden of the business/company tax system be reduced?

Paying tax is not an issue for my company; however, the compliance burden associated with meeting tax obligations is substantial. We are required to prepare and submit a range of reports—including income tax returns, annual returns, Country-by-Country (CbC) reporting, and payment times reporting, among others. To ensure accuracy and compliance, we must engage external tax consultants, which adds significant operational costs. While this may indirectly support jobs within the professional services sector, it also increases the cost of doing business in Australia and diverts resources away from core productive activities.

2. Reduce the impact of regulation on business dynamism

1. What areas of regulation do you see as enhancing business dynamism and resilience? What are the reasons for your answer?

   The participant did not respond to this question.

2. How has your regulatory burden changed over time?

   The participant did not respond to this question.

3. What regulations do you find time-consuming, overly complex or otherwise constraining business dynamism and resilience? What are the reasons for your answer?

   The participant did not respond to this question.

4. Can you share any specific examples of where you think a regulator has done a good or bad job of understanding and reducing regulatory burden on businesses and why?