Name: XBase Pty Ltd

Submission date: 3/06/2025

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?

The participant did not respond to this question.

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

3/6/2025

Submission to Productivity Commission:
Tax Reform

Title: Charge GST on Exports

Author: Rebecca Gabrielle Cannon, Entrepreneur, Sustainability Advocate

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- XX Small Effort
- XX Large Value ($54B AUD pa)

- MVP incremental start, apply to RnD and EMDG recipients only;
- additional benefit is single process reduces effort when submitting BAS reports
- RnD and EMDG should become self-funded via this mechanism, therefore Economically Sustainable

A simple win to instantly boost tax revenues would be to apply GST to exports.

In 2024, Australia exported 345.7 Billion USD worth of products and services. That roughly equates to a potential uplift in tax revenue of $35 Billion USD or $53.8 Billion AUD.

While for some industries, this may affect international competitiveness due to price increases, for other industries, such as online services, it's a no-brainer.

The vast profit margins for online services provide plenty of opportunity to incrementally uplift prices by 10%.

The historic rationale for not charging GST on exports was that foreign consumers were not benefitting from the local, Australian governance services which GST funds. However, where an export product or service has reached commercialisation through governance finance (eg RnD rebate and EMDG grants), then foreign consumers are benefitting from Australian governance budgets, as those products and services would likely not have been otherwise available for foreign consumers to access, without those Australian federal governance funds.

Further, the increase in foreign threats to Australian citizens is a risk, and therefore a cost, which should fairly be worn by those who create the risk.

The introduction of GST on exports could be delivered incrementally. As someone who founded and ran an online business for 17 years, applying GST to exports would have been an easy and relatively small change which could be implemented within a 12 month timeframe as part of normal, annual, pricing adjustments.

It would also have streamlined pricing, reducing price variants and the sales, delivery, and financial reporting process overheads required to support. In this way it would reduce the number of processes required to price and collect tax, and would therefore be an incremental uplift to productivity.

Finally, applying GST to all exports which have benefitted from Rnd and EMDG funding, and investing a sufficient proportion of those funds back into RnD and EMDG funding, could result in these rebates and grants becoming self-funding, and therefore, Economically sustainable.

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?

The participant did not respond to this question.

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?