Name: Deakin University

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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?

Deakin's experience has demonstrated the important role of encouraging investment via three key facets of the Australian environment:
- Base tax rate of 25 per cent
- The R&D tax incentives system
- The asset write-off and instant asset write-off systems.

However, there are several restraining factors to an improved investment environment: Firstly, the reliance on mining sector. Australia needs greater diversification (e.g. Deep Tech, Quantum etc).

Secondary, whilst there could be changes to the base rates, there is a stronger case for incentives that are better targeted at the deductible allowances. The most obvious case is R&D tax:
1. Could increase from 43.5% but more likely better served by ensuring turnover figure is increased from $20m threshold – so really the wriggle room would be revising (broadening) the intensity calculation ranges
2. Increase the categories of allowable deductions
3. Exclude revenues from certain business operations (e.g. dividends) as long as that income is channelled to Capital works expansion

Small business tax:
4. Increase and maintain instant asset write-off
5. Capital works deductions:
6. Increase deduction rate (up form 2.5%pa) include a super deduction years 1 & 2 (set up) especially renewables (solar / batteries)

R&D expenditure:
7. Increase the deduction categories for eligible R&D expenditure aligned to more themed innovation & technological outcomes (e.g. Renewables, H2 etc)

In addition, how we better leverage the superannuation system, and its significant capacity for investment, whilst still preserving its original intent of deliver market-leading returns to fund the retirement of account holders, is an issue of first and foremost priority.

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

The participant did not respond to this question.

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?

There are several aspects to the compliance burden of the current system:

Stability, consistency, and certainty in the capital allowance structure is more beneficial than rate relief. Policy needs to be clear (otherwise deters investment). Taking a leaf out of the UK tax reforms:
· Re-setting a permanent level of the Annual Investment Allowance (AIA) at an appropriate level to simplify the tax and capital allowances computations of businesses within its limits.
· Broadening the expenditure that qualifies for the AIA to provide further simplification for smaller businesses.
· Simplifying the capital allowances regime more generally, as this will be at least as attractive, if not more so, than higher tax incentives and reliefs.
· Ensuring changes are made for the medium to long term to generate business confidence

The current system is poorly designed and distorted:
· It favours debt finance and penalises equity finance.
· It favours some sorts of investments over others for no obvious economic reasons.
· It does not fit coherently with either the personal tax system or with corporate tax systems in other countries

What is needed is a coherent plan for the future of corporation tax as part of a wider fiscal strategy, clearly communicated, that companies and investors can use as a credible guide to what to expect in the future.

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?

It is important to note global work in this regard, in particular that recently undertaken by the UK. Based on that, Deakin notes the argued importance of:

Three core priorities the government must address to strengthen the regulatory framework:
1. Provide clear accountability and support for regulators to embrace risk in regulation.
2. Revise and enhance strategic dialogue among government, regulators, and the regulated to address poor regulatory outcomes.
3. Tackle chronic skill shortages and capacity challenges in regulatory bodies.

A more strategic, outcomes-focused approach - guided by four core principles can lay the groundwork for targeted reforms that deliver real-world impact:
1. Outcomes-focused, principles-led regulation.
2. Integrate standards with smarter, complementary regulation.
3. Establish a robust, data-driven baseline for informed decision making.
4. Regulation must be holistically integrated into the UK's industrial strategy.

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?