Name: MYOB

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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?

MYOB has been surveying small and medium sized businesses since 2010 through our bi-annual Business Monitor report. Over this period, several themes have emerged with regards to business investment and the forces that influence its growth or restriction.

SMEs have been consistent in their feedback to us that cashflow pressures have impacted their ability to invest back into their business. Over that period, different forces have influenced cash flow, including macro-economic forces (economic uncertainty, supply shocks, inflation and policy uncertainty) and factors closer to home. Domestically, changes to the company tax rate in 2016 arrested a downward trend in business investment following the Global Financial Crisis, and continued to buffer up until the COVID-19 pandemic.

More recently, our SME customers have been navigating the combination of inflation and the ‘cost-of-living crisis’. Inflation is raising the input costs for many businesses, but their ability to pass these costs onto their customers has been limited. This is putting a handbrake on business investment as many businesses seek to defer key investment decisions until after the current economic conditions stabilise.

Much has been said about the importance of the instant asset write-off to small business investment, and MYOB would agree with this estimation. However, with this important initiative subject to parliamentary ratification each year, we want to draw attention to the need for certainty. The most important factor influencing a business’ decision to invest is certainty. Not knowing when and if the instant asset write off will be legislated each year makes it difficult for businesses to plan investment, and allocate the necessary cash. We strongly believe the full value of the instant asset write off (or other accelerated depreciation schedules) cannot be realised unless it is made a permanent (or longer term) feature of the Australian tax system.

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

As mentioned above, the unpredictable nature of some aspects of the tax systems makes it difficult for businesses to plan and navigate. For small businesses, who often do not have HR, accounting and finance departments, navigating the tax system can be onerous and complex. They therefore rely on business advisors (or software like MYOB) to be compliant with their tax obligations or to understand what credits and exemptions they may be eligible for. This adds cost.

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?

   N/A

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?

   From MYOB's perspective, regulation that supports digital adoption and reduces administrative burden plays a key role in building business resilience and enabling growth. We've seen firsthand how initiatives like Single Touch Payroll, e-invoicing, and digital BAS lodgments have helped businesses streamline their operations, improve accuracy, and reduce time spent on manual compliance tasks. When regulatory settings encourage the use of digital tools, they create opportunities for businesses to operate more efficiently and focus on strategic growth rather than paperwork.

   These types of regulations are particularly valuable for small and medium-sized enterprises, which often lack dedicated compliance resources. By embedding compliance requirements into day-to-day business systems, digital reporting minimises disruption and ensures obligations are met in a more seamless, low-touch way. It also supports better data quality and more timely interactions between business, government, and advisers.

   We encourage continued focus on regulation that is digitally enabled, proportionate, and clearly communicated. Where possible, regulatory change should be designed in consultation with industry and technology providers to ensure it can be implemented in a way that reduces friction, rather than adding to complexity. This kind of approach will not only help improve compliance outcomes but also support a more dynamic and adaptable business environment.

2. How has your regulatory burden changed over time?

   As a general observation, the approach taken to design an implement regulation can be just as problematic as the regulation itself.

   Firstly, there is not an easy barometer of regulatory impact for legislators to consider when designing new or altering existing regulation. In our experience, without a holistic view of the regulatory landscape, it is easy to 'add on' new regulations to solve emerging issues without considering interoperability, administrative burden, and duplication. MYOB supports the creation of an SME Health Index as proposed by the ASBFEO to help make the cumulative benefits and burdens of policy and regulation clearer to the parliament.

   We would also make comment that the siloed nature of the Australian Public Services and Australia's regulatory agencies often means that duplication, delay, and contradiction occur at the operational level. For example, the definition of 'small business' differs between tax, privacy and corporation law. This is a small example, but one that exemplifies how complexity can creep into a regulatory system over time due to the lack of coordination.

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 aforementioned lack of definition harmony across various laws and regulations as it relates to small business is unnecessarily complex for both our customers in understanding whether an obligation or benefit applies to them, and to us as we program the government's rules and regulations into our software.

Further adding complexity is inconsistency between different levels of government, and between governments at the one level (for example, differences in regulation between states). We welcomed the formation of the Ministers' Small Business Meeting, chaired by the federal minister and attended by her state counterparts as an important forum for addressing some of these frustrations.

Finally, we would draw attention to the insolvency rules for small business. MYOB wants to see Australian businesses start, survive and succeed, but the reality is that some small businesses fail early in their life. It sometimes takes business owners a 'few gos' to get their business design and offering market-right. To enhance risk-taking, dynamism and innovation, we believe early detection of potential insolvency and an injection of support at this critical time would be a better approach than insolvency. The insolvency process for small businesses is long and complex, and business owners are unable to commence their next business until it has completed.

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?

The banking sector's 'regulatory grid' is a simple yet effective way to assist with regulatory visibility and planning and helping to reduce duplication between regulators. We would welcome something similar for the wider business community.

We also welcome recent work on unfair trading practices that acknowledge the resource and power imbalances between businesses of varying sizes. We welcome the creation of a more level playing field for Australian businesses.