

Submission to Regulation Taskforce

As a small business owner who finds far too much of my time taken up with compliance issues, here are some of my thoughts on relieving the regulatory burden on small business:

Make it simpler for new employers

We recently employed our first full-time staff member. I found a checklist for new employers — I think it was on the <business.gov.au> website — which was the closest thing to a consolidated list of our obligations. Even so, I found the whole process anything but simple. I would like to see a pack of information available to new employers which includes:

- a simple and complete step-by-step checklist of what businesses need to do to employ someone and meet all compliance obligations
- basic information about minimum wages and conditions, with links to more detailed and industry specific information on the Web
- copies of all forms required (e.g. TFN declaration, Super choice, etc)
- a link to a web page which provides a list of third-party providers (in each state/territory) for areas of compliance including: superannuation funds and worker's compensation insurers

Regarding such an information pack, see below: 'A final word about providing information to small businesses'.

Make it easier to work with contractors

For a new small business that is not ready to employ a regular staff member, working with contractors on a more flexible time arrangement is a great way for that business to ease into the task of employing staff as they gain the resources to do so. I don't think this should be discouraged. Currently there are confusing definitions of what makes someone an employee or a contractor, and the definitions seem to change for each area of compliance, e.g. compulsory superannuation payments, income tax deductions, worker's compensation, etc. I would like to see:

- a simpler definition of who is a contractor and who is an employee which is consistent across all areas of compliance
- the definition of contractors broadened to allow new business owners to work with contractors at their place of business with less compliance obligations

Simpler more consistent rules

GST implementation is a great example of how NOT to do it. The original plan to apply GST consistently on all goods and services would have made things a lot simpler. The increase in the cost of living for lower income earners could have easily been offset by increasing existing benefits and raising the lowest income tax threshold.

Simplify tax deductions for work related expenses

All businesses should be able to claim an instant deduction for all relatively cheap items (tools, equipment, software, etc).

I recall a few years ago reading an example of calculating asset depreciation in an ATO publication. The item used in the example? A tradesman's spanner! This poor business owner was evidently expected to calculate the rate of depreciation on each item in his toolbox over its effective life. How he was supposed to find time to actually do any work is beyond me.

There should also be a concise, easy to find, categorised list of allowable deductions on the ATO website (as well as a list of things that are not allowable deductions).

A final word about providing information to small businesses

Any information provided to businesses should be edited in the interests of readability and brevity! Business owners do not have the time or inclination to read through long wordy books (complete with introductory letters and ministerial mug shots!) Think 'Business Activity Statement Instructions' (2000), which weighed in at over 150 A4 pages. 150 pages worth of instructions to fill in a single form? And that was supposed to be a simplification of the tax system! Business owners simply don't have time for this indulgence. As tax payers we're also very conscious of the production costs associated with such a publication — no amount of smiling people photos on the front cover can offset the negative feelings associated with such nonsense. Keep it simple and keep it brief! If the compliance legislation is too complex to explain in a small concise document, then it is too complex to expect business owners to consistently comply with it.

Where information discusses specific numbers, it should be explicit about what the number does or does not include. For example: minimum wage information should state whether it includes superannuation or not, or price examples should say whether they include GST or not. It's not fair to assume that the reader just knows this.

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