

**HEADLINE:** Tax Office hits small business

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The Australian Taxation Office will scrutinise small business capital gains tax claims in its attempt to limit some \$4.4 billion in capital gains tax concessions claimed annually. The value of claims jumped by 30 percent since rules were introduced two years ago to ease access to small business tax breaks. An ATO spokesman yesterday said the tax office would focus its reviews and audits on numerous areas, particularly tax concession claims. Institute of Chartered Accountants tax counsel Yasser El-Ansary said the ATO had increased their use of data-matching procedures to identify where small business owners had sold assets and not informed the ATO. Greg Hayes, director of Hayes Knight, said the Tax Office was doing a "lot of audit work" to assess claims made by small firms. Lawyer Nicole Sammel said that in a lot of cases small business owners might have mistakenly thought they were eligible for a concession. Paul Hockridge, partner for Deloitte, agreed, saying "these rules are simply too hard". Madwicks partner Michael Norbury said "every client who's a small businessman who sells a business wants to claim the small business concession". Sue Prestney, principal of MGI, added that "there's an assumption that if you're a small business ... you're automatically entitled, and that's just not right". Cases from the Administrative Appeals Tribunal highlight that point. Joseph Cannavo was rejected from qualifying for the concession because his net assets exceeded \$6 million - and he was fined 25 per cent of the outstanding tax to boot. Treasury secretary Ken Henry's tax review noted how convoluted the small business concessions were, and CPA Australia policy director Paul Drum said "it is an area that is ripe for review". Mr El-Ansary even predicted the next government - Labor or Liberal - might review the policy.

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**MENTIONS:** Australian Taxation Office, Institute of Chartered Accountants, CPA Australia, Deloitte