

Cap on tax-deductible advice will hurt business development

WILL HAMILTON

- 12:00AM APRIL 30, 2019
- THE AUSTRALIAN

Bill Shorten was reported recently as asking the question: “Did you know that if you want to deduct millions off your tax, you get your accountant to do it. Did you know you can also claim as a tax deduction the hundreds of thousands of dollars you give to your accountant to deduct millions out of the tax system.”

While very few Australians are among the “super wealthy”, many ordinary people employ tax accountants to help them with their management and yes, the fees are tax deductible. Indeed, the ATO’s own publicly available figures indicate even those on large incomes don’t “spend millions” on their tax accountant. But Labor wants to restrict accounting fees as a deductible expense to \$3000.

I’ve worked recently with two innovative individuals who created a business 20 years ago. Their business is national, with offices along the east coast and they employ nearly 300 staff.

Yes, they have done very well from the entrepreneurship and vision they showed two decades ago. They put their own savings and funds at risk to get started, and working exceptionally hard.

These individuals will have paid more than \$3000 in accounting advice and structuring to create and grow their very successful business. That’s a reasonable cost of doing business.

Yet, Shorten wants to restrict what they deduct in professional accounting advice.

Accounting fees are just one of a number of proposals by the ALP that I believe will unfairly hit small- and medium-sized businesses, including:

- A tax on those receiving distributions through Family or Discretionary Trusts at 30 per cent, a common vehicle for businesses to distribute earnings;
- Doing away with the cash refunds for excess franking credits through an SMSF;
- Hiking the personal tax rate in the top tax bracket by an additional 2 per cent;

- Making negative gearing of property purchases non-deductible except in the case of new property builds;
- Halving the capital gains tax discount to 25 per cent where individuals look to invest what they have created; and
- Not decreasing corporate taxation therefore ensuring we have one of the highest levels of corporate taxation in the world.

The entrepreneurs our firm often works with pay their taxes as most working Australians do.

Yet, they are the people penalised by ALP proposals. We don't want to stifle success, we want business to flourish.

What we don't want, or need, is a system that sets a cap on entrepreneurship and effort through unnecessary limits on the costs of doing business.

Will Hamilton is the managing partner of Hamilton Wealth Management, a Melbourne-based wealth manager.

will.hamilton@hamiltonwealth.com.au