



National Tax & Accountants' Association Ltd.

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13 October 2020

The Treasurer The Hon Josh Frydenberg
The Assistant Treasurer The Hon Michael Sukkar
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

By email: josh.frydenberg.mp@aph.gov.au
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Re: Temporary loss carry back rules for eligible companies

The National Tax and Accountants' Association Ltd ('NTAA') is a member-based organisation which represents the interests of, and provides dedicated tax training to, over 10,000 member firms, which include tax practitioners and accountants. The NTAA is also dedicated to ensuring that the interests of Australian taxpayers are at the forefront of any potential change to taxation law or to the administration of the taxation system.

In the 6 October 2020 Federal Budget, the Government announced a number of measures for eligible businesses, which are designed to provide temporary tax incentives to support new investment and increase business cash flow, as part of supporting businesses to withstand and recover from the economic effects of COVID-19.

Many of these tax incentives will be introduced by the *Treasury Laws Amendment (A Tax Plan for the COVID-19 Economic Recovery) Bill 2020*, and include the following:

- The temporary full expensing (or write-off) of eligible depreciating assets for eligible businesses.
- Increasing the small business entity turnover threshold for certain concessions.
- The **temporary loss carry back rules** for eligible companies.

Although the NTAA is broadly supportive of the above tax incentives for eligible businesses, we are extremely concerned that access to the **temporary loss carry back rules** is unnecessarily and unfairly restricted to eligible companies. Under these rules, companies carrying on a business with an aggregated turnover of less than \$5 billion can broadly choose to carry back a tax loss for the 2020, 2021 or 2022 income year and apply it against tax paid in a previous income year (as far back as the 2019 income year).

In actual fact, many businesses affected by the economic impact of COVID-19 are carried on by hard working Australians through a non-corporate entity, such as in their own name (i.e., as a sole trader), in a partnership or in a trust. Furthermore, these businesses are being affected by the economic impact of COVID-19 in the same (or in a similar) way as businesses carried on in a company. As a result, non-corporate taxpayers carrying on a business should also have access to similar temporary tax loss carry back rules that will become available to eligible companies under the *Treasury Laws Amendment (A Tax Plan for the COVID-19 Economic Recovery) Bill 2020*.



Accordingly, the NTAA urges the Government to further amend the legislation to introduce temporary loss carry back rules for non-corporate taxpayers (e.g., for sole traders, partnerships and trusts) that are carrying on a business.

If you have any further questions in relation to this submission, feel free to contact James Deliyannis on (03) 9209 9999.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Geoff Boxer". The signature is fluid and cursive, with a long horizontal stroke at the end.

Geoff Boxer
Chief Executive Officer
NTAA