



9 June 2026

Committee Secretariat  
Senate Standing Committee on Economics  
PO Box 6100  
Parliament House  
Canberra ACT 2600

via email: [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

Dear Secretariat,

**Treasury Laws Amendment (Tax Reform No. 1) Bill 2026 and Income Tax Rates Amendment (Tax Reform No. 1) Bill 2026**

I refer to your correspondence dated 4 June 2026 inviting the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) to make a submission to the inquiry by the Senate Standing Committee on Economics on the Treasury Laws Amendment (Tax Reform No. 1) Bill 2026 and Income Tax Rates Amendment (Tax Reform No. 1) Bill 2026.

The ASBFEO supports tax settings that encourage small business entrepreneurship, investment and growth. We acknowledge that the Working Australians Tax Offset introduced by the Bill extends to sole traders, a significant and growing category of Australian small businesses.

Many small businesses find it challenging accessing capital to invest and grow their business. Owners often reinvest any available funds back into their business, forgoing a salary and having less savings in superannuation preceding retirement. Their strategy is often to grow their business with the expectation its eventual sale will provide financial security in retirement, compensating for the many years of risk, sacrifice and hard work (often unpaid).

Key to supporting this strategy is having access to the Capital Gains Tax concessions.

*Proposed Capital Gains Tax (CGT) adjustments*

The ASBFEO recognises the importance of the small business CGT concessions to incentivising investment and growth, and we have consistently advocated for eligibility that provides a fulsome coverage of the sector and aligns with other small business tax concessions.

We are pleased that the Bill retains the small business concessions but note it does not propose changing any of the current settings, including the \$2 million annual aggregated turnover and \$6 million net asset thresholds that have been in place since 2007. For the eligibility criteria to better reflect the characteristics of today's small businesses, we recommend the threshold be increased.

As the ASBFEO has previously advocated we recommend the small business definition have an annual turnover threshold of \$10 million. This was recommended by the Board of Taxation in their 2019 Review of Small Business Tax Concessions and is currently used by the:

- Australian Taxation Office (with the exception of CGT), and



- Australian Competition and Consumer Commission.<sup>1</sup>

A turnover of \$10 million is also proposed as the threshold for eligibility for the permanent Instant Asset Write Off.

We also note that the definition of small business in the *Australian Small Business and Family Enterprise Ombudsman Act 2015* is annual revenue of \$5 million or fewer than 100 employees, which would include many businesses with an annual turnover significantly greater than \$5 million.

If the annual turnover threshold was increased to \$10 million around 180,000 more businesses would have access to the CGT small business concessions<sup>2</sup>. Having access to the concessions not only supports small business owners in the earlier stages of their business's lifecycle by allowing more funds to be reinvested into the business during the growth phase, it also supports them in having adequate funds when transitioning to retirement.

We also note that the Bill does not enable the small business owner to spread their capital gain over the period of growth, or at least across multiple years, which will amplify the taxation impact at point of realisation. We would encourage consideration of proposals to address this.

Regardless of what legislation is passed, where there are changes that impact small businesses the ASBFEO emphasises the importance of implementation that accounts for the administrative capacity of small business. We therefore urge policymakers to engage constructively with small business stakeholders to ensure any transitional arrangements are practical and reasonable, including minimising business disruption and other costs (e.g. advice). In this regard, we note that many small businesses are already currently grappling with a range of changes such as the introduction of Payday Super, the transition from youth wages in the retail, fast food and pharmacy sections under the *Fair Work Act 2009* and the removal of card surcharging.

If you require any further information, please do not hesitate to contact the Policy and Advocacy team via email at [advocacy@asbfeo.gov.au](mailto:advocacy@asbfeo.gov.au).

Yours sincerely

**Lynda McAlary-Smith**

Australian Small Business and Family Enterprise Ombudsman

---

<sup>1</sup> Fair Work Ombudsman (FWO), Review of the *Fair Work Act 2009* definition of 'small business' employer', FWO, pp13-14.

<sup>2</sup> Australian Bureau of Statistics (ABS), Counts of Australian Businesses, including entries and exits, ABS, June 2025, accessed 9 June 2026.