

3 February 2025

Scamps' plan to lower tax for 2.58 million small businesses

The Federal Independent Member for Mackellar, Dr Sophie Scamps, is proposing a cut to company tax for small businesses by introducing a tax-free threshold of \$20,000 for operators with turnover of less than \$10 million dollars every year.

Dr Scamps said a tax-free threshold will reduce small business tax bills on the Northern Beaches and beyond by up to \$5,000 a year.

The policy has been developed after a survey of Mackellar small businesses found 86 per cent of respondents identified increasing operating costs as their top concern.

“We must do more to support and grow Australia’s 2.58 million small businesses which employ more than 3.5 million Australians,” Dr Scamps said.

“This includes the nearly 33,000 small businesses on the Northern Beaches that employ more than 116,000 people.

“This \$20,000 tax-free threshold will also help foster vital innovation and entrepreneurship by providing more cash for small businesses to use as they see fit. This includes boosting employment with small businesses creating four out of every five new jobs.

“Small business owners who are eligible will not pay company income tax on the first \$20,000 they earn under my policy.”

This small business tax break addresses the sector’s concerns about being able to invest in their companies and grow the economy during the cost of living crisis when funds are tight.

“A tax-free threshold will allow Australia’s small businesses to keep more of their earnings so that they can expand and hire more employees or upgrade equipment,” Dr Scamps said.

“The policy supports the Council of Small Business Organisations Australia’s recommendation that the tax burden on small businesses should be reduced.

“This tax-free threshold will stimulate the economy and make it possible for more small business entrepreneurs to innovate.

"It will also provide cost-of-living relief for Northern Beaches families and business owners.”

The policy has been costed by the Parliamentary Budget Office at \$1.2 billion per annum commencing 1 July 2025, costing out to 30 June 2028.

This policy follows Dr Scamps' votes in Parliament to lower income tax and energy bills by capping the gas price - something the Coalition opposed.

Dr Scamps is also leading the charge to change the definition of small business from 15 employees to at least 25 to reduce red tape, which is supported by the Australian Chamber of Commerce and Industry.

Dr Scamps' media advisor: Nick Pedley 0447 630 503