

## TAX REFORM'S BENEFICIAL IMPACT ON AUSTRALIAN INDUSTRY

The Government's reforms to Australia's taxation system are estimated to substantially increase production across the economy.

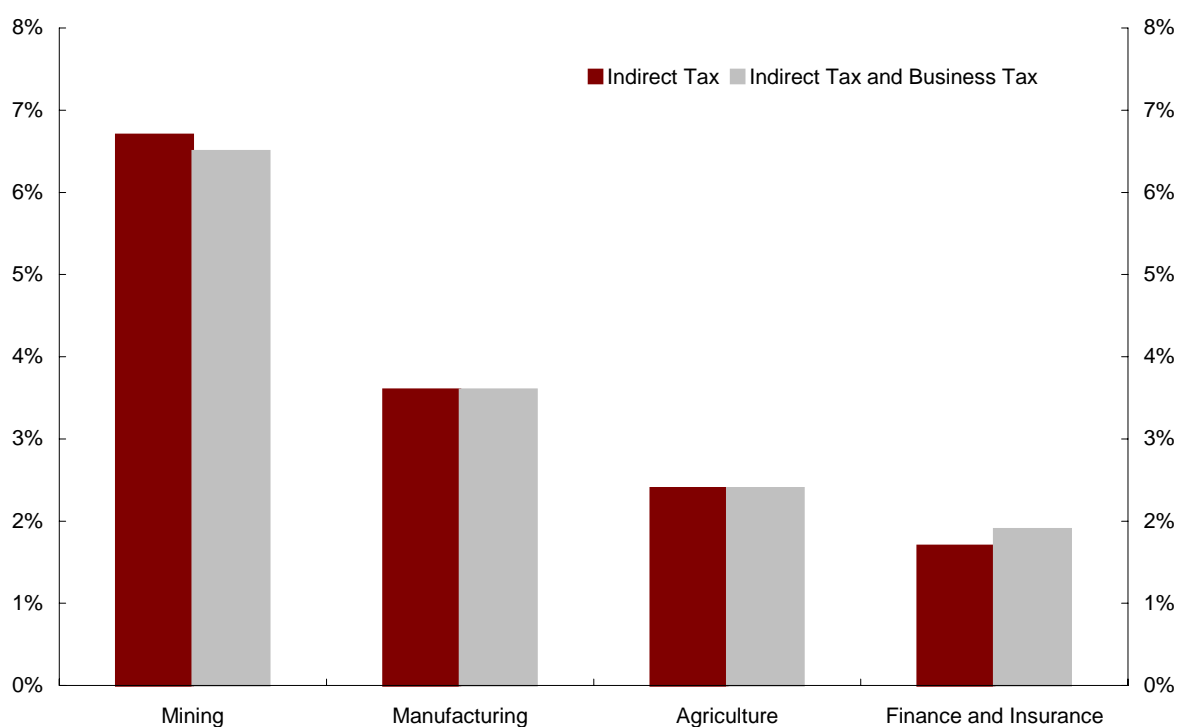
Production will be boosted through the removal of embedded taxes, reforms to excise arrangements and broad-ranging business tax reforms. The compliance costs of businesses will also be reduced.

As a consequence of these reforms, Australia's tax system will facilitate stronger investment and economic and jobs growth.

The estimated changes in production for key industries are shown below.

- The 'Indirect tax' component includes the package of personal income tax rate cuts and reform of the indirect tax system (GST and fuel excise) already legislated.
- The reforms included in the "Business Tax" component include reforms announced in *A New Tax System* and reforms recommended by the Review of Business Taxation. These reforms include a significant reduction in the company tax rate to 30 per cent, the replacement of accelerated depreciation, the Simplified Tax System for small business, a unified entity regime and measures to reward risk and innovation.

### Gains in Production from Tax Reform



Source: Department of Industry, Science and Resources study prepared by Econtech.

Further details of the industry impacts are provided in Chapter 25 of the Ralph Review's *A Tax System Redesigned*.