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Treasurer Backs Corporate Tax Reform Plan

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Australia's Treasurer Jim Chalmers has welcomed a Productivity Commission (PC) report recommending significant corporate tax cuts aimed at boosting foreign investment and economic resilience.

The draft report, Creating a More Dynamic and Resilient Economy, proposes reducing the tax rate for smaller companies earning under A$50 million from 25% to 20%, while firms earning between A$50 million and A$1 billion would see their rate fall from 30% to 25%.

Speaking to the Australian Broadcasting Corporation on Sunday, Chalmers said, “It’s good that this proposal is out there. The PC chair and her colleagues have tried to incentivise investment in a way that we can afford.”

Chalmers added he was “open to tax changes which incentivise investment if we can afford to do it”, signalling potential government willingness to adjust corporate taxation.

The plan featured prominently in discussions at an economic reform roundtable in Canberra last week, where business leaders, unions, and civil society groups debated the draft recommendations. “There was a lot of discussion at the roundtable about the draft recommendations, and I think that’s a really good thing,” Chalmers said.

The proposals come as Australia’s centre-left Labor government faces mounting economic pressure. In June, the government confirmed it would explore tax reforms to strengthen productivity and safeguard economic resilience amid global uncertainty.

The urgency has been underscored by the Reserve Bank of Australia, which this month cut its forecasts for national growth and productivity, warning of slower living standards and incomes for Australia’s 27 million residents.

If adopted, the reforms could reposition Australia as a more attractive destination for overseas investors, though questions remain over affordability and the impact on budget revenues. The government is expected to continue consultations before making any final decisions.