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Business Leaders Slam Chalmers' Company Tax Overhaul Proposal

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Major Australian business groups have slammed Treasurer Jim Chalmers' proposed company tax overhaul, warning it could drive up grocery and fuel prices, despite the Productivity Commission's claim it will boost living standards.

On August 1, 2025, Australia's business community, including the Business Council of Australia (BCA), National Farmers' Federation (NFF), and Minerals Council, fiercely criticized a proposed company tax reform led by Treasurer Jim Chalmers, labeling it an "experimental change" that could raise grocery and fuel prices for consumers. The Productivity Commission (PC) recommends slashing the company tax rate to 20% for businesses with turnovers under \$1 billion while introducing a 5% cashflow tax on all

firms, a move it claims would lift labor productivity by 0.4%. However, industry leaders argue the plan threatens economic competitiveness and burdens consumers.

The PC's interim report, released on July 31, 2025, argues the reform encourages investment by allowing immediate deductions for new capital, benefiting startups and smaller firms. PC Deputy Chair Alex Robson called it "ambitious but sensible," projecting \$14 billion in revenue without harming budget sustainability. Stephen Anthony, head of Macroeconomics Advisory, supported the plan, stating it could transform the economy by rewarding efficiency, comparing it to Paul Keating's 1980s reforms. "This is a litmus test for the Treasurer," Anthony said, urging Chalmers to act decisively.

Conversely, Wesfarmers Managing Director Rob Scott warned that higher taxes on large Australian Securities Exchange (ASX)-listed companies could hit superannuation funds, affecting millions of Australians. "Large businesses drive productivity," Scott said, highlighting potential economic fallout. The Australian Chamber of Commerce and Industry (ACCI) Chief Executive Andrew McKellar cautioned that the untested cashflow tax risks increasing tax system complexity, undermining productivity gains. Council of Small Business Organisations Australia (COSBOA) Chairman Matthew Addison welcomed the tax cut for small businesses but raised concerns about unincorporated firms, stating, "They're critical to our communities and can't be left behind."

Shadow Treasurer Ted O'Brien, attending an upcoming economic roundtable, insisted reforms must be budget-neutral, accusing Chalmers of seeking new taxes to fuel spending. The BCA's Bran Black echoed this, stating, "Taxing productive companies more won't fix Australia's lagging investment." With Chalmers' August 19 roundtable approaching, featuring PC Chair Danielle Wood and Reserve Bank of Australia (RBA) Governor Michele Bullock, the debate underscores deep divisions over tax policy's economic impact.