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## Tax Reform Push Targets Big Business, Helps Small Firms

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A new tax reform proposal in Australia aims to raise taxes on dominant corporations while easing the burden on small businesses. The plan, supported by several leading economists, seeks to improve productivity by addressing market concentration and enhancing competition.

Under the proposal, industries where four or fewer companies hold over 70% market share, such as banking, supermarkets, and energy, would face increased taxation. At the same time, the company tax rate for businesses with under \$50 million in annual revenue would be reduced from 25% to 20%.

Economists argue the move could correct an imbalance in the tax system. Research shows large firms in concentrated markets pay 5% to 7% lower effective tax rates than smaller competitors. Former Productivity Commission chair Peter Harris stated, “Australia’s economy suffers from both weak competition and excessive red tape,” emphasizing that smaller businesses face higher compliance costs per employee.



Australia’s productivity growth currently lags at 1.2% annually, its slowest rate in decades. Supporters of the plan argue that shifting the tax burden toward market-dominating companies could help stimulate business activity across smaller enterprises.

Critics warn that the changes might deter investment. However, proponents point out that most foreign investment already goes to established players in dominant sectors. The Australian Competition and Consumer Commission (ACCC) has reported that corporate markups in concentrated markets have grown by 30% since 2000, while remaining steady in more competitive industries.

Small Business Ombudsman Bruce Billson backed the proposal, suggesting that creating a more balanced playing field could add as many as 50,000 new jobs. He noted that smaller firms currently face a

“survival bias” where market conditions often favor larger, well-resourced companies.

The proposal is now under consideration in Parliament. If implemented, it would signal a major shift in Australia’s economic strategy, focusing on fair competition and equitable tax policy. Whether lawmakers adopt the reforms remains to be seen, but the plan reflects growing concerns about the influence of large corporations in the national economy.

ideas into action, potentially reshaping the nation’s economic landscape for years to come.

