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19 September 2022

Dear Sir or Madam,

## Skills and Training Boost and Technology Investment Boost

CPA Australia is Australia's leading professional accounting body and one of the largest in the world. We represent the diverse interests of more than 170,000 members in over 100 countries and regions. We make this submission on behalf of our members and in the broader public interest.

We welcome the Government's proposal to legislate the **Skills and Training Boost** (STB) and **Technology Investment Boost** (TIB) announced in the 2022-23 March Budget. Current business conditions are challenging and uncertain. Many businesses face skills and worker shortages, supply disruptions, increasing costs and growing fears over the impact of interest rate rises on consumers. Incentivising owners to continue to invest in their business is important to maintain confidence and address skills shortages. The measure also provides certainty to small businesses that have already spent funds in anticipation of the boosts being legislated.

We raise the following matters for your consideration.

### Skills and Training Boost (STB)

#### Restriction to bodies registered with TEQSA, ASQA, VRQA or TAC

Section 328-450 of **Exposure Draft - Treasury Laws Amendment (Measures for Consultation) Bill 2022: skills and training boost** (STB ED) limits the STB to, amongst other things, training delivered by providers who are registered with one of four government authorities listed in the STB ED<sup>1</sup> (the government authorities) and where the training is within the provider's scope of registration.

Limiting the STB to providers registered with the government authorities results in expenditure on many high-quality, employment-focused courses being ineligible for the boost. This includes courses delivered by professional associations such as CPA Australia or corporate providers, such as Microsoft, CISCO or Intuit QuickBooks, where training is often co-designed with industry to develop employees' skills and enhance their productivity.

Providing businesses with a broader range of skills training options will better achieve the intended policy objectives. In the accounting profession, CPA Australia's **My Firm. My Future. Report 2019** found that:

- 66.1% of surveyed practitioners agreed that job-ready university graduates with the right mix of skills are not readily available
- The average number of suitable applicants per vacancy had fallen from 5.8 in 2013-14 to 2.4 in 2017-18
- Capabilities such as data analytics, artificial intelligence and machine learning, as well as specialised knowledge and strong communication and interpersonal skills, will be in high demand

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<sup>1</sup> Namely, the Tertiary Education Quality and Standards Agency (TEQSA), Australian Skills Quality Authority (ASQA), Victorian Registration and Qualifications Authority (VRQA) or the Western Australian Training Accreditation Council (TAC).

- More than one quarter of accounting practices expect to rely on the gig economy to provide on-demand assistance in the coming years.

Given current and growing skills and staffing shortages across the accounting profession, these challenges have become more evident since the publication of the report. They are common challenges, not only in professional services, but across much of the Australian economy.

We also note that certain providers, including professional associations, and courses are approved and regulated by other Australian government agencies or defined in legislative instruments. For example:

- the Tax Practitioners Board (TPB)<sup>2</sup> and Treasury<sup>3</sup> are responsible for approving education courses and providers, and
- CPA Australia members fall under the definition of "qualified accountant" under ASIC Corporations (Qualified Accountant) Instrument 2016/786, meaning that completion of the CPA Program allows the member to lawfully undertake specified activities.

Therefore, we recommend that the proposed policy include, at a minimum, providers who are approved under other regulatory regimes or legislative instruments. To enhance the impact of both boosts for a small business, we also suggest that training that is delivered in association with expenditure that satisfies section 328-460 of the [Treasury Laws Amendment \(Measures for consultation\) Bill 2022: Technology investment boost](#) (TIB ED) should also be eligible for the STB.

Consideration should also be given to including a discretion to approve other providers who can demonstrate learning and employment outcomes for their employees that are commensurate with registered education and training providers.

#### EXAMPLE

A small business invests in an Enterprise Resource Planning solution software with expenditure of \$500,000.

The software will provide online visibility for customers, staff and management around customer stock levels, storage and freight in their logistics division across multiple sites. The software provider is not registered with the government authorities as a training provider.

A significant amount of training is needed to upskill staff to use the software, associated devices and to transition to digital logistics management. The software company, which is based overseas, is the only available provider of specialised training in their software.

While the training expenditure is directly related to investment in digital operations (i.e., eligible for the Technology Investment Boost), the STB is not available.

To access the STB, the small business instead engages a registered provider to deliver a more generic digital skills course to employees, but they have little familiarity with the software or industry. The expenditure is eligible for the STB. However, the training outcomes are substandard and there is limited productivity improvement.

<sup>2</sup> See [Board approved courses search by Unit name or Unit code](#)

<sup>3</sup> See [Treasury's Approved Degrees and Equivalent Qualifications and Courses to meet the Education Standard](#)

## Exclusion of non-employees

We find that the restriction of the STB solely to employees discriminates against the more than 1.3 million sole traders and individual partners in a partnership<sup>4</sup> who are an essential part of Australia's economy.

CPA Australia's [Asia-Pacific Small Business Survey 2021-22](#) identified that:

- Australia and New Zealand businesses continue to lag their Asian counterparts in digital commerce
- Older respondents, older businesses and businesses with no or few employees continue to be significantly less likely to sell online, offer new payment technologies to their clients or use social media for their business.
- This may be due to a lack of knowledge of how to apply such technologies in their business.

In conjunction with the shift towards “on-demand” relationships identified in our My Firm. My Future Report, these insights indicate that many small businesses require further support to enhance their digital capability, including the digital capacity of business owners.

The [Explanatory Materials – Treasury Laws Amendment \(Measures for Consultation\) Bill 2022: Skills and Training Boost](#) (STB EM) states at paragraph 1.16 that “a key aim of the bonus deduction is to support small businesses to grow which could include taking on less-skilled employees that may need external training to develop their skills and enhance their productivity.” However, we believe that the primary goal of supporting “small businesses to build a better trained and more productive workforce” encompasses all types and forms of modern business engagement.

The modern workforce is not solely comprised of employees, but rather individuals engaged via a range of mutually beneficial contractual relationships through a variety of structures, including that of employer and employee.

It is unclear why expenditure related to an individual who operates through an incorporated structure or a trust and is also engaged as an employee would be eligible, while the same expenditure in a sole trader or partnership structure is not acceptable. Therefore, the STB should also be available to support sole traders and partners in a partnership to digitise, by treating them equally with other businesses.

### Checking provider and course registrations

Small businesses will need to determine whether a provider is registered with the government authorities and that the training is within the scope of registration. With four separate government authorities and various types of registration, business owners face the burden of verifying eligible courses.

It would be of assistance to business if ATO guidance included information on the STB requirements, and assistance for businesses and their tax agents to quickly determine eligibility.

We also note that businesses that paid for training prior to the release of the STB ED, in the expectation of broader eligibility rules, may find the expenditure is ineligible upon checking provider registration with the government authorities.

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<sup>4</sup> Data.gov.au, [Individuals – Table 1](#), Taxation Statistics 2019-20

## Technology Investment Boost (TIB)

### Eligible technology expenditure

The TIB ED is consistent with expectations.

We anticipate that businesses and their advisors may require additional guidance on what is meant by the terms “digital operations” and “digitising your operations”, as included in paragraphs 328-460(1)(d) and (2)(d) of the TIB ED and explained at paragraph 1.14 of the [Explanatory Materials - Treasury Laws Amendment \(Measures for consultation\) Bill 2022: Technology investment boost](#) (TPB EM).

Examples of where taxpayers may seek further certainty include the treatment of:

- new IT hardware, including monitors, docking stations, keyboards, mice and webcams
- subscriptions for cloud-based accounting or cybersecurity software, productivity apps, programs and platforms, technical resources to replace hard copy publications and customer relationship management software
- digital audio, video and images for marketing purposes
- design or upgrade of new or existing website, including securing new “.au” domain names.

If you have any queries about this submission, contact Elinor Kasapidis, Senior Manager Tax Policy on +61 3 9606 9666 or [elinor.kasapidis@cpaaustralia.com.au](mailto:elinor.kasapidis@cpaaustralia.com.au).

Yours sincerely,



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