

Carbon Tax and Small Business

Written by Melanie Toye,
April 13, 2012

The Federal Carbon Tax that is anticipated to come into effect on July 1, 2012 is already claiming to cause havoc for many areas of every day living, including housing, businesses, hospitals and individuals.

What is the Carbon Tax?

Carbon Tax will be introduced for the first time in Australia on July 1, 2012. The new legislation is aimed at reducing greenhouse gas emissions by enforcing a carbon tax for every tonne of pollution released. The businesses affected will either reduce their emissions or pass on the price to consumers. With the cost to consumers' pockets, the plan is to make the consumer seek out cheaper alternatives, which will hopefully be a greener option. That is the aim of the Carbon Tax - to enforce a tax to reduce pollution.

What Does the Proposed Carbon Tax Mean for Small Businesses?

Getting taxed on the carbon pollution is great for the environment, but not so great for the economy. Or is it? Living expenses are higher than ever. Businesses are closing their doors around the country as consumers hold on tight to their money. Will another tax add even more pressure to businesses or will the smaller businesses gain more consumers?

Although consumers want a great product, the main reason for purchasing a product is price. One must assume that a consumer being charged higher rates than before will seek out a cheaper alternative. So although the larger companies may lose out, the smaller businesses may flourish. This will ensure bigger businesses will transform their existing products to greener alternatives, putting them back into the mainframe business sector.

Doesn't that benefit everyone with a greener alternative to pollution and a lower rate on products?

The Department of Climate Change and Energy Efficiency states that jobs will be created in the renewable industry. But what about your industry? As long as your business doesn't produce large amounts of gas emissions, you may only have to pay a small Carbon Tax. Business sectors targeted to pay the Carbon Tax are focused in the coal and mining industry, electricity, natural gas retailers, industrial processes, fossil fuel intensive sectors and waste disposal.

The Federal Government has advised for every tonne of pollution emitted \$23 will be taxed, with a 2.5% rise every year for three years. The Federal Government has stated \$30 billion of the taxed money will be reinvested in renewable industries.