

## **Henry Report could spell end to small accounting: expert**

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Up to two thirds of accounting firms across Australia could close if the Treasury's proposed Henry Report reforms to the tax system are introduced, according to a leading business coach.

Treasury Secretary Ken Henry's report on the reform of the Australian tax system is looming, with one of the "mooted proposals" likely to cost Australian accounting firms more than \$900 million in lost revenue.

According to [Robnixon](#) founder and chair Rob Nixon, these potential reforms could require changes to the size of accountancy firms, the services they offer and the way universities teach accountancy.

As Australasia's top business coach to accountancy firms, Nixon warns many small accounting firms will fold unless they make major changes to the way they go about their business, placing more emphasis on advice to grow businesses rather than filling out tax forms.

Those accountancy firms most affected will be the smaller firms currently earning most of their income from the preparation of tax returns for individuals, according to Nixon.

"In Australia, 68 percent of accounting firms employ less than five people and these are the firms most likely to be hit hard by a new tax regime," he says.

"The proposed one page, simplified tax return would mean six million people won't need to use an accountant any more. These are the people these small accounting firms service."

On the flipside, Nixon says the changes could mean a great improvement in the accounting support for the Australian business community, and play a significant role in growing the economy.

"Accountants are in a unique position in that they service every business of any size in Australia. For too long they have limited their service to filling out tax returns, instead of using their vast business knowledge and contacts to help grow their clients' businesses," he says.

"These reforms will reward those who are organised in their own systems, who develop business advisory services, who share the knowledge they have gained with their unique insight into so many businesses, and so provide the level of service Australian businesses require and generally don't get."

While the changes are expected to be tough on most small practices, Nixon says the new regime should put an end to accounting firms' concerns about the difficulty of finding accounting staff.

"We will see accountants working for smaller firms moving to medium and larger sized firms, where they will be paid more, have more support and have a broader range of services to offer clients," he says.