

My Thoughts on the Taxation Discussion White Paper

What should our individuals income tax system look like and why?

SMH recently reported, interpreting ATO statistics, some wealthy Australians are claiming deductions of a million dollars for the cost of managing tax affairs.

<http://www.smh.com.au/federal-politics/political-news/tax-office-statistics-reveal-the-55-millionaires-who-paid-no-tax-20150429-1mw2zp.html?stb=tw>

That's a substantial amount of foregone revenue for Australia.

I think it would be reasonable to place a cap on deductions for 'the cost of managing one's tax affairs', like the caps on many other deductions for income tax purposes.

To what extent are the concessions and exemptions in the fringe benefits tax system appropriate?

Given that certain Not For Profit entities receive a capped Fringe Benefits Tax exemption, it may be reasonable that 'meals and entertainment benefits' are capped as well.

Are the current tax arrangements for the NFP sector appropriate?

ACOSS reported that '83% of people on Newstart / Youth Allowance do not have enough to live on'.

http://www.acoss.org.au/media/release/budget_must_not_forget_the_unemployed_83_dont_have_enough_to_live_on

Given the value adding that the NFP sector provides, propping up our community with food and other necessities for our nation's poorest, I support the current tax arrangements of NFPs. Australian charities should retain access to tax concessions and exemptions, enabling charities to do more with the funding they have- to support people in need through the relief of poverty and hunger and enrich the lives of Australians through the arts.

What, if any, administrative arrangements could be simplified that would result in similar outcomes, but with reduced compliance costs?

Processes by which an NFP goes about applying for charitable and/or DGR status could certainly be simplified or clarified.

I know of arts organisations that have been delayed or misled by the varied means of going about this – be it via the Register of Cultural Organisations, the ATO or the ACNC. There was a period when the future of the ACNC looked doubtful, further muddying the waters. Would the ACNC as a one-stop-shop improve red tape for NFPs?

I'd be interested to know whether administrative changes such as online lodgement (e.g. Business Activity Statements) has resulted in decreased costs to the ATO.

To what extent are the tax settings (that is, the rate, base and administration) for the GST appropriate? What changes, if any, could be made to these settings to make a better tax system to deliver taxes that are lower, simpler, fairer?

Given that the GST disproportionately eats into the budgets of low-income families, <http://thenewdaily.com.au/money/2015/03/30/raising-gst-will-hurt-families-warns-welfare-group/> I believe the rate of GST should remain the same – at 10%.

While it may be *simpler* to apply GST to all goods and services, I don't think it would be *fairer*. I support the current exemption from GST of fresh foods, educational expenses and medical expenses.