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Re:think
Better Tax, better Australia
Australian Federal Government

I believe the current tax system within Australia is both complicated and inefficient.

For the past 10 years I have been thinking about how we can improve our current taxation system and from this I have come up with what I believe to be a very robust, workable, efficient taxation system which will improve Australia and place us on the forefront of the world.

Currently we (Australia) receive tax income from 8 different tax systems, which are all complicated and open to loopholes. Enforcing these systems are very labor heavy and costly (waste of tax payers money).

As you also know we have large companies paying large amounts of money to professional accountants (and the like) to decrease their tax liability, while Joe Average does not have the ability to decrease his tax liability similarly. This creates an unfair system where the large can get away with it while the small can't. It needs to be fairer and all parties pay the respective amount.

Answer

The system proposed by myself is a simple transaction based tax system of money transferred through the banking system.

A transaction tax on both credit into a bank account and debit from a bank account. The transaction tax could be set to say 0.5% on both deposits and withdrawals. The actual percentage needs to be calculated by the government based on the countries GDP and countries income needs and also changed if needed.

This must be a catch-all (no exceptions) system by which I mean all entities are applicable (governments, churches, not for profit, children's accounts, etc.).

The transaction tax applied on all transfer of funds even if in-house of the same entity (i.e. transferring money from wage account to savings account or from BHP receipts account to capital account).

With the new tax system all other taxes are to be removed (all removed). Therefore Australia has only 1 tax system.

Tax is collected daily by the banks and paid daily to the Federal government.

The only way you can dodge the new tax is via cash transactions. To reduce this, the government decreases the cash issuing within Australia and enables a very simple transaction card, which can be charged and recharged almost everywhere and has the transaction tax applied. All taxes paid to the government are sent with the entities TFN so the government has a record of basic income received and spent by all entities within Australia.

Understandably the likes of BHP will object to such a tax system because they may end up paying more in tax via the transaction based system. Firstly correct they should be paying more in tax and secondly they are saving large amounts of money on their professional costs in trying to decrease their tax and require less workers to no workers to manage their tax liability.

Foreign businesses or any entity that wants to deal in Australia must have an Australian bank account and therefore pay the required tax. An ideal is if you are a foreign business your tax rate may be more because your end benefit is not within Australia.

ATO would not be required at the level they are required today as there would be no tax returns and no collections.

Accountants would no longer be required to do tax returns and could work on the business with the owners.

Social security benefits can be calculated by determining level of income received by the taxpayer from tax receipts from the bank.

I understand there would be objections to the proposed tax system from the likes of the Banks, Accountants, large business, churches, etc. But it would be well accepted by medium and small business and individuals and greatly beneficial for Australia.

The simplicity is the more money you move the more tax you pay, simple.

Please understand this is a shortened version of my idea. As stated earlier I have been working on this idea for 10 years and believe I have most of the crinkles worked out which I can explain in depth if needed.

The end result of this taxation system should be 100 pages (if that) legislation easy to understand, efficient in collection and fairer for Australia.

Thank you for the opportunity. Bold Moves, Bold Improvements, Bold Australia.

Mark McConnell