

Thank you for the opportunity to contribute to the national debate on the Australian tax system. I write from a personal perspective, gained from 40+ years in business management, taxation and accounting. I regard the current tax system as a pastiche of elements of older tax systems and concepts, some relevant but misplaced, others well past their use-by dates.

The discussion paper draws on this pastiche in framing many of its questions. For my part I am proposing a radical overhaul, one which will –

- Remove complexity
- Remove waste and boost national productivity
- Improve sustainability of Australian businesses
- Promote our international competitiveness
- Lead to the rapid development of productive and rewarding jobs

They say there is no gain without pain. There will always be casualties in any major restructure, but the short term pain in this proposal is, I think, well worth the long term gain.

Here are some of the values which inform my submission

- I am looking at the taxation system as the income earner of Australia Ltd. and treating it as the means by which funds are raised to meet the costs of the other service divisions of Australia Ltd. Like any corporate division, the Treasury / Taxation system must operate efficiently, and not perform the activities done elsewhere;
- At all times I propose a uniform application of the new system to all taxpayers, unless otherwise mentioned. Such mentions will be rare, and will likely reflect my personal views;
- At all times I try to ensure that earnings are taxed only once per taxpayer– it is reassuring to me on this point that the current federal government is also opposed to “double dipping”;
- I am not a political person, nor a diplomat – I tend to be direct in what I say, which can come across as arrogance. Please read with this in mind, it is not intended as offensive.
- I regard the current tax system as being far too entangled with both our federation, welfare systems and so on. It is well past the time to overhaul and disentangle these disparately intentioned systems.
- This theme occurs throughout my submission as I consider it to have as much to contribute to the complexity and opacity of the tax system as does the flawed notion of taxing the net income;
- I have little or no background in international business and even less in international relations. I may well be proposing changes internal to Australia that may have ramifications for overseas investors or companies operating in Australia, but my desire for simplicity and uniformity seek to subordinate such issues along with those of **all** other interest groups’;
- All taxpayers have an **obligation** to pay their fair share of the taxes needed to run this country, to care for its needy and to develop its infrastructure. An **obligation**, not an option. Removing the complexity in the existing tax system will emphasise this **obligation**.
- In my life’s experience it has been a role of my profession to minimise that tax payable, to effectively deny that **obligation**. This is an unwanted activity that the current complex tax system positively encourages;
- Among lesser matters, I see the reducing reliance on paper money in our evolving economy as providing less opportunity for material avoidance, although it won’t be easily eliminated.

I address each question numerically

Item	Response
1	<p>Our current system of taxation is very complex, to the point where I doubt if there are any who do not consider a radical overhaul is well overdue.</p> <p>And given I put aside all sectional interests in this pursuit, I recommend the old system be left untouched, but that a new system be designed and implemented within a time frame of not more than 5 years.</p> <p>That new system should reflect our national values, have uniform application and above all, be <b>very</b> simple and transparent.</p> <p>I suggest the concept of net income be discarded, take the focus away from expenditure and tax the income or revenue. A simple turnover or gross income based tax will achieve this and more, provided</p> <ul style="list-style-type: none"> <li>- Taxes are calculated by a fixed % on gross earnings, from whatever source be it sales revenue, interest earned, sale of capital goods, sale of entities, wages and salaries – every possible source of revenue with one exception – the return of savings invested by taxpayers in equity, superannuation and savings funds;</li> <li>- The concepts of net profits and the like are then able to be seen in the true accounting sense as were intended as a measure of a business' worth;</li> <li>- There are no tax deductions – tax is a % of the gross earnings figures, there is no means of reducing tax payable;</li> <li>- Imported goods are taxed as well, as if such goods had been manufactured in this country, to encourage local manufacture</li> <li>- Taxes are paid weekly / fortnightly / monthly, depending on the relevant income cycle of the taxpayer</li> </ul>
2	<p>Australia's use of its available taxes doesn't wholly serve the evolving structure of the Australian and world economy unless doing so means our economy is all about compliance and other non-productive work.</p> <p>The complexities and unproductive overburden inherent in our existing tax system has the effect of hampering our international competitiveness and, in its rigidity, complicates our ability to respond to changing world economic conditions in a timely manner.</p>
3	<p>Tax reform is but one of a number of structural reforms necessary to improve the way Australia is governed. Simplifying and streamlining (all) compliance will go a long way to reducing unproductive costs on business, and reducing overall taxes will also assist profitability of the business sector, thus stimulating growth.</p> <p>Trade-offs for such tax reform will doubtless be more than I can foresee. The immediate impacts I <b>can</b> see will be in</p> <ul style="list-style-type: none"> <li>- Reduction in Federal public service, especially the ATO, although possibly allowing for a boost to auditing</li> <li>- Reduction in State public service offices of revenue</li> <li>- Redundancy of public accountancy tax minimisation personnel</li> <li>- Redundancy of private enterprise tax minimisation personnel</li> </ul> <p>I suggest some level of any new tax revenue to be set aside for perhaps up to 2 years to enable transition of such displaced people into other business sectors. Perhaps as a special transitional levy over and above the tax rate required for effective governing?</p>
4	100%
5	<p>The only "fair" thing in the current taxation system is the GST as it applies to everyone. Even then, though, there are the usual sectional interests to which concessions have been made for the sake of expediency.</p> <p>In short, remove the entire system and put in a single tax on everything, but tax it at the</p>

	top and you therefore remove the ability to minimise tax. It is best for everyone and every corporate thing to pay an equivalent rate of tax, in my opinion.
6	<p>Personal income tax can, for the vast bulk of people employed on a wage or salary, be paid by the employer. Weekly, fortnightly or whatever. For dividend and interest income, the relevant company or financial institution will be taxed on its gross earnings and such distributions to the taxpayer can be taxed at the payer point.</p> <p>I am not skilled enough to countenance the myriad other options used to remunerate staff, but I am sure there are others who can.</p> <p>The need for individual income tax returns would be totally eliminated.</p>
7	No FBT system is required, as both employer and employee pay tax on gross earnings. FBT is a tax on what will no longer be a tax deductible expense.
8	<p>Not applicable, unless we consider those in our society who confront major challenges to gaining or retaining permanent employment and perhaps lack the ability to fend for themselves.</p> <p>I submit this is not an issue to be addressed in the taxation system, rather it is one for the welfare system. That is clear to me as one who works in the disability sector. I am a critic of how the two systems are currently entangled and seek to remove this complexity (amongst others impacting that sector).</p> <p>Bureaucratic compliance issues plague much of the welfare system, and mixing welfare with the taxation system is counter-intuitive in the model I propose.</p>
9	<p>Possibly outside my scope, but I can add a couple of personal perspectives. Firstly it has always amused me how the current taxation system penalises you for earning more and being less reliant on society to owe you a living.</p> <p>My proposal removes this anomaly altogether. There is scope to keep in place a tax on higher earners, but its application should be relegated to a Department of Green-Eyed-Monsters ("DoGEM").</p> <p>The second observation I have is from a personal workplace perspective. My staff are all disadvantaged in the workplace, to some extent or another.</p> <p>These disadvantages include physical and mental health issues and, of the latter, more than several under psychiatric medication to manage the symptoms of, for example, bipolar (manic / depression) or schizophrenia.</p> <p>Such people need help to meet their extra medication and treatment costs, amongst other things, so I consider the <b>welfare</b> system should allow a much higher income level before such people lose their health benefit card support. I know for a fact that the likely loss of this benefit prevents people from undertaking further work, even in a caring workplace such as ours.</p>
10	<p>Any entangling of two separately intentioned systems is likely to confuse both the payer and the payee. I consider the taxation system to be a means to raise funds required for the operation of government.</p> <p>That the tax system has been used as a means by which to identify who might be the worthier recipient of a welfare benefit is regrettable, and the reform of the tax system I propose should complete this disentanglement.</p>
11	No comment, other than how important is tax as a factor to attract people to work and invest in Australia?
12	Such considerations as tax planning are removed under my proposed tax system.
13	Such considerations as tax planning are removed under my proposed tax system.
14	None. Offsets are merely welfare under another name and need to be dealt with in the <b>welfare</b> system

15	Tax deductions are removed under my proposed tax system.
16	FBT is removed under my proposed tax system. There is scope to keep in place a tax on entertainment, but its application should instead be referred to DoGEM.
17	Not applicable – see 16.
18	Same as for all sources of income – taxed at source, either in the gross or in the payment, and with no need for any further consideration of associated tax deductions. Once upon a time in the early years of my life people were encouraged to save, as there was no tax on savings income. That has gone by the wayside many years ago, so whether one regards the tax as regressive or not is moot – keep it taxed.
19	Such considerations as CGT are removed under my proposed tax system. You sell it, you pay tax on any proceeds. Even the family home, as the family home is currently taxed by the states via their euphemistic “Stamp Duty” (anyone else remember when that little ripper was to be removed in lieu of GST?). Stamp Duty and other state revenues would be replaced by my proposed tax system, which will see an end to the obscenity of a tax on a tax.
20	Any system which enables a taxpayer to minimise its tax payment will impact their savings decisions. Dividend imputation is removed under my proposed tax system.
21	CGT and negative gearing are removed under my proposed tax system.
22	The tax arrangements for superannuation are currently a conundrum. Having people provide for their own retirement is a good thing, but government facilitating that provision can lead to a lack of equity- the haves and have nots. Again I see this problem arising from entangling the tax system with the welfare system. So let's not complicate issues. My proposed new tax system will <ul style="list-style-type: none"> <li>- NOT tax monies deposited into super funds (these have already been taxed at the employer level);</li> <li>- TAX the super fund gross earnings like any other taxpayer; and</li> <li>- NOT tax the return of said funds to the taxpayer on retirement, irrespective of whatever increases have been made to said funds (these increases have already been taxed at the fund level).</li> </ul>
23	Taxation of savings is not unlike taxation of superannuation under my proposed tax system, which will <ul style="list-style-type: none"> <li>- NOT tax monies deposited into savings (these have already been taxed at the individual level);</li> <li>- TAX gross earnings of any financial institution like any other taxpayer; and</li> <li>- NOT tax the savings of the taxpayer, irrespective of whatever increases have been made to said deposits (these have already been taxed at the banks gross earnings level)</li> </ul>
24	Australia's corporate tax rate is very important to attracting foreign and local investment. My proposed new tax system will increase the gross company tax receipts but, with the associated reduction in state taxes and other compliance cost savings, will also have a counter effect in improving profitability. The most obvious potential saving to business will be in costs of labour. Most if not all taxpayers only really care for their take home pay. Under my new tax system taxpayers or the bulk of them will pay much less tax than they do at present, thereby enabling a renegotiation of Australia's wage system. Government will at this point have to make a choice to either <ul style="list-style-type: none"> <li>- facilitate the reduction in <b>gross</b> wages down to a level where the new tax system provides employees with the same or slightly better take home pay, in order to</li> </ul>

	<p>further international competitiveness; OR</p> <ul style="list-style-type: none"> <li>- keep gross wages at existing levels and unleash the single biggest increase in household disposable income since federation.</li> </ul> <p>For my part I prefer the first option, as it will remove once and for all the old chestnut that wages are too high in this country, and make it plain (and easy) to see that there are few if any hitches to set up a competitive and world class manufacturing business operation in Australia.</p>
<b>25</b>	See 20 above - Dividend imputation is removed under my proposed tax system.
<b>26</b>	I am not competent to address this question, other than that I consider both nations to be as one in values (except we speak better english), and any easing of restrictions on commerce should be seen as a good thing.
<b>27</b>	<p>The treatment of capital assets as depreciable items under the current system would be removed by my proposed new tax system – there would still be accounting issues for the buyer and / or financier, but in taxation terms the tax payable would be up front, paid by the vendor.</p> <p>The buyer has no income tax concerns under my proposal, only whatever reporting obligations are required under accounting conventions. Effectively I propose to sever the entanglement of the tax system and the Accounting Standards.</p> <p>I have an ulterior motive for this severance. For some time now I have been unable to work out whether tax considerations were driving Accounting Standards or vice-versa.</p>
<b>28</b>	As noted in the discussion paper, there are variations between accounting and tax treatment of capital assets. This is because each treatment serves a different purpose. My proposed new tax system severs that connection and places the tax payable only on the vendor, not the buyer using said purchase as a means to reduce its tax liability.
<b>29</b>	My proposed new tax system places no importance on profit or loss, solely on income. The existing tax treatment of deductibility or otherwise of losses is removed entirely. Shareholders will judge the merits of investment or restructure based on a much clearer understanding of the facts under my proposal. Yet again taxation is removed as a complex consideration in investment decisions.
<b>30</b>	<p>It has been far too long for me to remember how intangible assets are viewed – are they a defensive ploy, or a selling point, or both? That they exist to recognise value in a company or business is beyond doubt. That the intangible value is realised in a sale is demonstrated almost daily in the marketplace.</p> <p>My new tax system proposes the sale of a company be taxed at the time of sale, whatever values are ascribed to the relevant class/es of assets of said business.</p> <p>I daresay my more creative colleagues in the accounting trade may find something amiss with this theory. Not an area of my expertise or interest, but I can recognise that any corporations value as a going concern will immediately be discounted by the value of the tax payable on the sale of that corporation.</p> <p>Given there are many other such issues affecting corporate going concern valuation contained in my proposed new tax system, I will need to have proved to me this aspect will be of ultimate harm to the overall proposal.</p>
<b>31</b>	<p>I would question the use of the new tax system as an incentive system for any purpose, be it foreign investment or otherwise. If incentives are required then we are acknowledging our tax system is uncompetitive, or that we are prepared to treat taxpayers differently.</p> <p>However this is a consideration I have dismissed at the outset. Instead I would recommend that government fund a separate Department of Enticements (“DoE”) to handle such transactions.</p>



<b>32</b>	I am not competent to answer this question, other than I consider capital will flow to wherever the best risk / return outcome can be obtained.
<b>33</b>	I am not competent to answer this question, but am aware our larger corporates and financial institutions and even quite a few smaller entrepreneurial taxpayers have established overseas offices and thriving overseas income.
<b>34</b>	<p>Transfer pricing is a means of adjusting the taxpayers sales and / or purchases in order to minimise its net taxable income. Taxing gross income overcomes the second issue when in conjunction with the tax being applied to imports.</p> <p>Should a taxpayer actively seek to lower its sales price to an overseas associate it would be revealed by analysis of its Income Statement from ASIC records. Should a company continually not be reaching target ROI then one would question why. Such audit practices would be a doddle.</p> <p>Threatening a double tax penalty may help discourage this practice on outbound sales.</p>
<b>35</b>	My tax system proposal treats all financing options identically – it taxes the lender, be it a financial institution or an equity holder. Retained or undistributed earnings have been taxed previously.
<b>36</b>	My tax system proposal treats all revenue sources identically.
<b>37</b>	<p>I think the most important issues contained in this taxation system white paper relate less to taxation per se and more to “systems”. These important issues are</p> <ul style="list-style-type: none"> <li>- the KISS principle – use the tax system solely for its intended purpose, which is to raise the revenues necessary to effect the government of Australia. Don't use it as a means of wealth redistribution or confuse it with the Welfare system;</li> <li>- there is much wasted unproductive labour dedicated to compliance with the current tax system, both in government and possibly even more in private enterprise – an overhaul of the entire system could see this bloat on job creation reduced;</li> <li>- adopt a uniform tax system, one that doesn't differentiate between high and low income earners. Encourage people to earn more, don't penalise them with higher taxes to meet so-called social obligations – use encouragement to achieve such goals, more carrot and less stick as it were;</li> <li>- determine separately the costs of all other government undertakings or obligations currently entwined in the tax system. Yes these are to be funded out of the tax revenues overall, but in order to get a clear idea of exactly what these total costs are they must not be confused with the tax system;</li> <li>- and given the scale of the structural reform, prepare those affected or likely to be affected by that reform for what will happen, do not “spin” it. From my perspective there is not one sector of the economy which will be unaffected.</li> </ul>
<b>38</b>	<p>I work for a charity which relies dominantly on trading goods and services to meet its charitable purpose. Other charities operate substantial art unions or lotteries in the same vein. We rely little on donation income, for others it is their life blood.</p> <p>I may well be assassinated by my colleagues in the NFP sector for saying this but where a charity is trading in a competitive market I can see little reason for it to be tax exempt from such earnings. Lotteries come into this category</p> <p>Donation income for bona fide charities should be tax free, as it has been taxed already at the personal or corporate level.</p> <p>There are large philanthropists who provide much support to the NFP sector – perhaps such sponsorships, grants etc might be made “deductible” for such supporters of bona fide charities, to recognise the taxpayer's charitable intent, but given their substantial earnings over the years it is not really necessary.</p> <p>There are others in the NFP sector who receive generous sponsorships (sports clubs</p>

	are obvious) but I do not see such deductibility being extended to what might otherwise be part of a marketing strategy.
39	<p>This is another matter which comes under the DoE category and should not come into the tax system. I am a strong believer that if an investment has merit then business will do it.</p> <p><b><i>I do not see government as a business development partner unless it takes an equity.</i></b> The merits or otherwise of that investment will then be clear to see and, if successful, that equity becomes a tradeable commodity if not a longer term source of revenue.</p>
40	<p>I daresay there are many such incentives that might appeal to business, but again this is a DoE issue, not a tax system issue. In order to remove the perceptions (reality) of favouring one group over another it is vital the tax system is transparently equal for all taxpayers.</p> <p>The tax rates must be set at levels that encourage new business and jobs growth, which may lead to differential tax rates between businesses and individuals. This may not be a bad thing, as it is the individuals who take up the bulk of the tax revenues of government in the form of education, health and welfare etc. Perversely, it is business which demands a healthy educated workforce. Overall I recommend same tax rates for all taxpayers.</p>
41	<p>Outside of the big business end of town, incorporation has for quite some time been a means to avoid higher level personal income tax rates. This would become unnecessary under my new tax system, further reducing complexities for sole traders and small business operators.</p> <p>There is an argument being made to enable income splitting to recognise the role of stay-at-home mums. I heartily endorse the role of stay-at-home mums, but recognise too that this is not the choice of all mums.</p> <p>My tax system removes this debate as there is no advantage to doing so. Instead such considerations are placed fairly in the <b>welfare</b> system where it belongs, not in the tax system. It is vital this separation of welfare from the tax system be pursued with vigour to highlight the <b>extent</b> of welfare in Australia.</p>
42	<p>In my new tax system the taxpayer structure is immaterial, and accordingly suggestions such as the "S Corporation" are not required. Most companies incorporate to remove the employees and shareholders from risk. This risk mitigation is unrelated to tax systems and can be ignored under my system.</p>
43	<p>Again my new tax system doesn't distinguish between business and individuals, unless differential tax rates are applied between the two (not recommended). The use of trusts is a legitimate means of establishing a lasting benefit for ones heirs or for philanthropic purposes, but as a tax avoidance vehicle it is immaterial in my new tax system.</p>
44	<p>Complexities in the system. That brings in the myriad avenues available to minimise tax payments, avenues patched and repatched so repeatedly I have no doubt any more that whoever designed the tax system wanted it to fail.</p>
45	<p>No doubt the various concessions to small business add to the endeavour of minimising tax, a factor dear to the hearts of every business. Would these additional benefits outweigh the complexities of compliance?</p> <p>I doubt it, but have no evidence to support that view other than an awareness of the unproductive waste of time compliance brings. It is for this reason I seek to radically overhaul the system, to separate the tax system from the welfare and incentives systems.</p>
46	<p>I believe the new tax system I propose will remove all compliance woes with immediate effect. Sure there <b>may</b> be some whose small business could use a technology upgrade</p>

	to assist with the modest compliance of my new system, but if the new tax system reduces the overall tax burden, why should government carry that cost.
47	<p>Here again is the tax system being intertwined with the welfare system, especially in respect of charities. I work in the NFP sector currently, specifically in what is called a Social Business, a business with a social purpose, in our case a PBI charity under the current definitions.</p> <p>We undertake commercial business operations in order to achieve our objective, which is to provide secure employment for disadvantaged jobseekers. There are many such businesses in Australia, for the most part income tax exempt.</p> <p>No part of any surplus we make may be distributed to members or directors except in tightly monitored circumstances. Any funds remaining on dissolution would be directed to a like-minded entity.</p> <p>These factors tend to distinguish the NFP sector from the private sector.</p> <p>But a social business is not unlike private sector businesses in that it must make a profit to survive, and one like ours has the capacity to compete against the private sector.</p> <p>So I think there is scope for social businesses and similar to participate in the income tax system proposed herein. There are many other entities in the NFP sector whose commercial earnings would appear to be covered by the taxation system, some examples of which I might consider taxable operations include</p> <ul style="list-style-type: none"> <li>- sporting clubs, leagues etc (how is the AFL a not-for-profit?)</li> <li>- co-operatives, mutuals et al;</li> <li>- employee and employer unions and similar industry peak bodies. These are little more than marketing or PR departments for their relevant memberships</li> <li>- disability enterprises non-core undertakings (art unions, business ventures etc) that compete with the private sector</li> </ul> <p>Many NFP's do not exist except to serve members interests or to pursue particular causes not necessarily for the benefit of the <b>general</b> community.</p> <p>In summary the current tax system should be amended to apply only for the benefit of genuine charities and small sports / community bodies (&lt;\$50k turnover?) which deliver services to the <b>general</b> community.</p> <p>An example might be the local footy club, but not if it has associated club facilities open to the public (leagues clubs for example, compete directly in the hospitality industry).</p> <p>My new tax system taxes gross earnings (<b>excluding</b> already taxed donations) of all NFP, including charities <b>and</b> religious institutions, leaving welfare to the welfare system</p>
48	<p>Where the NFP is</p> <ul style="list-style-type: none"> <li>- not serving the interests of the broader community; or</li> <li>- is engaged in commercial activities; or</li> <li>- engaged only in the interests of members</li> </ul> <p>such activities should be included in the tax system.</p>
49	Under my new tax system proposal all NFP will be part of the tax system, with any special considerations to be dealt with via a claim/refund under the welfare system.
50	Under my new tax system proposal all NFP will be part of the tax system, with any special considerations be dealt with via a claim/refund under the welfare system.
51	<p>GST as it is applied in Australia is a flawed, broad based consumption tax. There is not enough space to outline how much there is to be fixed in its application, but the concept is good if applied broadly. It hasn't.</p> <p>My proposal replaces consumption with revenue, with no exceptions, and GST is</p>



	consigned to history.
52	<p>Under my proposal all state taxes on businesses and the broader community are removed in favour of the new earnings system. These include payroll taxes, stamp duties, royalties, vehicle registration fees etc – the lot.</p> <p>A separate review into the Federation of Australia is long overdue, so there will need to be a cart / horse analysis. My gut tells me it is likely that a federation overhaul will be needed first, in order to effect the tax and welfare reforms subsequently.</p> <p>Part of the federation review will be to determine who does what, so the carve-up of the tax take can be settled. Duplication and compliance requirements between the state and federal governments must be eliminated entirely in this process, an issue of huge irritation to any taxpayer not actually employed in this public “service”.</p> <p>In the federation review it must be noted that a significant amount of state responsibility is devolved to municipal bodies and sundry other entities. Attached to this devolution is once again massive duplication and compliance between the state and the other entity. This is yet another futile waste and needs to be sorted again into who does what first, with funding and responsibility to go direct to the body performing the role, without the need for state oversight.</p>
53	<p>The subject of tax sharing should be considered as part of the review of the constitution. There has to be simpler ways of getting more “bang” for the taxpayer buck by removing the layers of bureaucracy and compliance.</p> <p>Once responsibilities are assigned to each level – responsibilities AND the authority to manage those responsibilities without referral – then it will be a relatively simple matter as to how to distribute the tax dollar.</p> <p>All taxes will be shared. Tax raising is a national issue and it falls to the federal level. At that level only national issues need to be funded – welfare, defence, education, standards, national savings. These must be shielded from party politics, as indeed should all aspects of government, especially education, national savings and standards.</p> <p>States will be paid whatever proportion of taxes are determined to cover the needs of the state (health, land tenure, environment, trans-state roads and rail, etc) and likewise local government (education, local infrastructure etc etc)</p> <p>My personal view is that State and local governments <b>MUST</b> be seen as divisions and departments of the corporate nation Australia Ltd. The notion of a federation of states is a colonial anachronism in the world economy of the 21<sup>st</sup> century</p>
54	<p>The breadth of indirect taxes is immaterial under my new tax system, as the focus is shifted to income, not expenditure.</p>
55	<p>That said there are some taxes currently levied such as are described as “corrective” taxes in the discussion paper. This approach to behaviour change is akin to using the stick, not the carrot, and I acknowledge this is not necessarily a bad approach. Tobacco taxes, alcohol excises, landfill levies etc are all intended to change behaviours seen to be harmful.</p> <p>While I haven’t considered it in any detail there is no reason why such products cannot be taxed at the earnings point at a differential rate/s. There would be little additional compliance requirements or complexities for vendors.</p> <p>I would condone this differential taxing on the sole condition that all funds so raised are provided to those departments / agencies as must deal with said harmful behaviours (eg. Local governments for landfills, health agencies for alcohol and tobacco excises and so on).</p> <p>I consider it to be vital such disincentive taxing be seen to have a direct purpose, not just for general revenue.</p>
56	<p>Everyone is impacted by the complexities of the tax system. Simply because all</p>

	aspects of the tax system are complex. The principal cause of this complexity is the never-ending “band-aid” solutions, often compromised by sectional interests or lack of political will.
57	<p>I have to admit I had to have a Bex and a good lie down after reading this question, because I had to go and read the discussion paper twice more to see how anyone could possibly think developing a complexity metric would help anything.</p> <p>I still have no answer to this conundrum, but I am happy to confirm this ridiculous suggestion is made irrelevant by my proposed simplified tax system.</p>
58	<p>The proposal outlined herein is a dramatically less complex system than what is presently in place. I have witnessed some landmark changes to the tax system in my 42 years in the workforce, the only one of which (the GST) offered a simple system – and then even that was compromised in the end, to add yet more complexity.</p> <p>Why? I don’t know from first hand knowledge, but here’s a simple clue. I first heard GST suggested by then Treasurer Paul Keating in the 1980’s, and it was the same person as PM at the time of the 1993 election who ridiculed the then oppositions plan to introduce just such a tax. So politicking and sectional interest can be said to have contributed to complexities.</p> <p>How can reform be done more successfully? Strong government can do it if they are motivated by the interests of the nation, and ignore the clamouring of sectional interests which have absolutely <b>NO</b> right to preferential treatment under the national taxation system.</p> <p>It is essential, particularly these days, to ensure the population is involved in the debate, but that participation must not to be confused with their vested interests. Keeping welfare, federation, incentives etc out of the tax system will greatly facilitate this debate.</p> <p>The majority if not all politicians and community leaders need to agree on some broad principles (preferably not more than 10) to be delivered by the reform of the taxation system, and commit to achieving these within a fixed time frame (not more than 5 years?).</p> <p>These must be broad principles, those affecting the bulk of our citizens and businesses. This approach would be likely to gain the bipartisan approval of most if not all of our current body politic, I would suggest.</p> <p>Here are a few ideas –</p> <ul style="list-style-type: none"> <li>- the new tax system must treat all taxpayers equally;</li> <li>- welfare, industrial, federation etc considerations must be excluded from the new tax system;</li> <li>- the new tax system must replace all existing taxes, levies, duties, excises and any other revenue raising by any level of government, other than fee for services;</li> <li>- the new tax system will displace many jobs, both in government and in the private sector, and thus short term (maximum 2 years) support provisions need to be allowed for when setting rate/s of tax;</li> <li>- it is worthwhile considering the addition of a further increase in the rate of tax to build an infrastructure development fund, but how this can be established and not robbed for political purposes is beyond my ken.</li> </ul> <p>At all times there must be economic drivers to the principles, a business approach to be adopted. This is a must – reform processes can be hijacked otherwise. I would</p>

	<p>recommend an audit council approve principles proposed, with a clear and unequivocal plain English translation provided so it is clear to every citizen what is proposed and why it is proposed.</p> <p>I suggest said audit council be free of bureaucrats, public accounting / legal people, trades unions and any vestige of sectional interest – perhaps a collection of <b>industry</b> financial managers?</p>
59	I think the foregoing submission responses deal adequately with this question
60	If anyone can suggest new ways to corral the herd of cats that is the current tax system then good luck to them. That this discussion paper exists damns the current tax system from the outset, so working towards an entirely new system is my only solution.
61	<p>No. I cannot stress enough that there is no savings to be had by further entangling the various big pictures</p> <p>The tax system through its administrator the ATO and the relevant treasury departments of the states are purposed to maximise the income tax take. These are the budgetary control agencies for Australia Ltd.</p> <p>The welfare system is purposed to provide support for the needy in our community and in the case of the global welfare agencies, overseas. This is one of many operating divisions of Australia Ltd. which, like Defence, is not a revenue generator of itself, but a cost centre.</p> <p>The so far unmentioned Industrial Relations system is the elephant in the room. It is not unlike the current taxation system, a mish-mash of colonial elements through to middle / late 20<sup>th</sup> century inputs. There are some aspects of it enmeshed in the tax system, but for the large part it can be left for a separate review. The proposed single tax system proposed herein provides an opportunity for all parties.</p>
62	<p>Absolutely, which is what I have outlined in my proposal.</p> <p>The federation of states is an anachronism of the 19<sup>th</sup> century. It has given us such splendid things like differential rail gauges, different IR systems, different WHS systems, irrigation disputes – the list can go on forever. Even <b>within</b> this fair state of Qld there is still debate whether the rail line crosses the road or vice-versa, a leftover from colonial days.</p> <p>Australia is a large country but a small nation. It is high time the federation was revised to recognise one Australia, with common values throughout applying to all Australians, not an amalgamation of bickering so-called states pursuing parochial ideologies.</p> <p>This is a time for statesmen, not politics.</p>
63	<p>Three things as mentioned previously will achieve transparency and certainty</p> <ol style="list-style-type: none"> <li>1. make the system as simple as possible – taxing at the gross income level removes all of the complexity currently involved with GST, income tax etc and makes it blindingly clear who is paying how much;</li> <li>2. ensure that all taxpayers acknowledge they have an <b>obligation</b> to pay tax for the purposes of the nations interest and values. This is not a right or an option, but an obligation</li> <li>3. remove the influences of federation, IR and welfare and any other sectional interests from the tax system. This is the only way to make all government systems, departments, agencies etc transparent in their cost to the community</li> </ol> <p>This question is asked in the context of tax policy development. I do not see any need yet for tax policy development in the context of my proposal for a vastly simplified</p>

	revenue based system.
<b>64</b>	<p>This question is raised in the context of the current tax system. I submit it is not a question that would need to be asked under my proposed tax system, other than in relation to changing economic circumstances.</p> <p>Given my system proposes taxing all equally, any tax system review must be made in that context, and not in the context of any sectional interest.</p>
<b>65</b>	<p>This question is raised in the context of the current tax system. I submit it is not a question that would need to be asked under my proposed tax system, other than in relation to changing economic circumstances.</p> <p>Given my system proposes taxing all equally, any tax system review must be made in that context, and not in the context of any sectional interest.</p>
<b>66</b>	<p>This question is raised in the context of the current tax system. I submit it is not a question that would need to be asked under my proposed tax system.</p>