

UNITAX - Focussing Government on it's main task.

Introduction

Complex tax and other income arrangements divert governments from their main task, which is creating the conditions for surpluses, and redistributing those surpluses to achieve social objectives.

This proposal removes ALL taxes except a single, unavoidable, irrevocable tax to be paid wherever there is an agreement for the transfer of value between legal entities. The required tax payment is paid monthly and will be evenly split between all parties. No exemptions are allowed.

UNITTAX – The Idea

The complexity of current taxation is wasteful of human effort. Replacing ALL Government income with a single tax collection system that is unavoidable, irrevocable and reconciled monthly will free up resources across Australia and focus Governments on their main task, which is creating the conditions for surpluses and redistributing those surpluses to meet social objectives.

After a transition to UNITAX, a typical month of taxation collection will be;

1. The Australian Government (AG) gazettes the monthly tax rate e.g. 2% of the value of any transaction or agreement, and the threshold level e.g. \$1500.
2. Every legal entity which agrees to transfer value obtains the tax details of the legal entities that they are transferring to, and determines the amount and date of the agreement.
3. Each legal entity submits their proportion of the amount and a reconciliation showing the total amount, date and the legal entities with which the agreement was made.
4. The tax is to be paid on the first business day after the end the month. The payment is due and irrevocable once the agreement is reached and only pertains to the agreement, i.e. is not off settable against any other liability and is never refundable.
5. Should the Amount be subject to subsequent change, additional tax payments become liable during the month that the change occurs. The Australian Tax Office will determine the timing and amount of the changes, in advance if required.

Effects on Governments

Governments will exit revenue raising apart from the UNITAX. Governments will exit service delivery which creates income. Governments will devise alternate non-cash arrangements for licensing of access to Government-controlled assets e.g. minerals, fisheries, licenses, which might include

agreements for direct distributions to citizens and groups of citizens. Governments will use Quotas to control price signals rather than taxation.

State and local governments and quangos will be entirely funded by the UNITAX.

Effects on superannuation.

There are no exemptions from UNITAX.

Effects on Citizens

PAYG Employees will receive 100% of their post-super income, and will be liable for UNITAX on that income. This will put a lot more spending power into the community.

Employees will submit a monthly tax return which will only have a couple of line items. E.g. Income and Mortgage.

Annual tax returns will not be required.

Effects on Companies

Company tax arrangements will no longer require much effort. Simply a monthly log of transactions and agreements above the UNITAX monthly threshold and the details of the other parties.

Company accounting arrangements will be simplified. There will be no need to calculate depreciation. Investment decisions will be simplified as they will have no tax implications apart from the initial UNITAX rate e.g. typically 1% of Capital.

Effects on Charities

There are no exemptions from UNITAX.

Effects on Churches.

All items of value must be transferred to a legal entity prior to transition to UNITAX. There are no exemptions from UNITAX.

Effects on High Stakes Gamblers and High Volume Market trading.

Each individual transaction must be recorded. There are no exemptions from UNITAX.

Effects on overseas transfers

There are no exemptions from UNITAX. Different arrangements for overseas transfers may need to be made in regard to the split of payment liability.

Summary.

UNITAX raises the ante for Government to spend it's efforts on growing surpluses and achieving social objectives. Since all expenditure must be raised prior to spending, governments will be constrained to affordable projects. There is a raft of other social engineering options not covered in this paper that go beyond tax policy and which support UNITAX.