From 1978 until 1999, I worked in the Australian Tax Office as an assessor, auditor and technical enquiry officer, amongst other things. I was then employed for 10 years as a software developer in a mid-sized business that sold tax preparation and lodgement software to accountants across Australia. I now run a small real estate photography business.

During the 20 years I was with the ATO, the *Income Tax Assessment Act* quadrupled in size. It went from a single A5-sized publication of about 400 pages to two separate acts (*ITAA 1936* and *1997*) totalling well over 1,200 pages and it continued to expand. In addition, many more acts were introduced, including the Capital Gains and Fringe Benefits Tax Acts. Sales tax was abolished and in its place came GST. Australia has over 40 treaties with other countries to mitigate the effects of double taxation. I can safely say that almost all of this was to close loopholes that were uncovered and exploited by accountants and lawyers employed by big business in an effort to minimise tax (which is not in itself technically illegal). During my time with the ATO, I dealt with high wealth income individuals and found that many very respected and well-known multi-millionaires and billionaires paid less tax than me. It seemed to me that the people who should be paying the most amount of tax would rather engage accountants and lawyers to avoid doing so - here's just one example.

The Henry Tax Review (aka "Australia's Future Tax System Review") of 2010 noted that Australia had 125 different taxes across all 3 levels of government. Even though its scope was supposedly very wide-ranging (its original purpose was to guide tax system reforms over the next 10 to 20 years and the government of the time imposed few limitations on its terms of reference), I consider it a failure as little has been done to implement its recommendations in the 5 years since the report was tabled and I would be surprised if much more will change in the remaining 5 to 15 years.

When I was employed as a software developer, it came to my attention that the company I worked for set up a registered company in Ireland and, like Google, Apple and Facebook, diverted all sales revenue through that company with the sole purpose of avoiding tax here in Australia (a part of this loophole was only recently closed by the Irish government, following international pressure). They made many tens of millions of dollars from sales in this country but did not contribute one cent of those sales to the Australian tax system.

The premise of taxation is simple: to finance government policies and functions in effectively running the country. Why, then, does it have to be so complicated? What we need is to start with a clean slate and work out the best way of making it fairer and more equitable across the board. I believe I have come up with the best solution. I've spoken with many accountants and lawyers over the years about my plan and not one of them has been able to identify flaws that I couldn't counter. When I was with the ATO, the technology needed to accomplish that was not available; now it is widely accessible, easily implemented and mature. In short, what I propose requires a paradigm shift in how our society thinks and operates but the framework to achieve this is extremely simple and the outcome greatly benefits both individuals and businesses (except those few who currently take advantage of loopholes in our tax system).

The proposal

There are two major elements:
- Migrating to a cashless society; and
- Replacing all current forms of taxation with a single tax on transfers of money.

A cashless society

Australia is very close to being a cashless society. The majority of transactions involving goods and services now occur without the intervention of cash. Most businesses accept payment through credit and debit cards, and through direct cashless transfers between bank accounts. The notable exceptions to this arrangement are:

- small cash transactions between individuals, such as the payment of pocket money to a child;
- small businesses where the goods or services have a low value or where the profit margin is low and the cost of leasing an EFTPOS machine is relatively high, for example some hair and beauty salons;
- individuals and businesses where the owner is not tech-savvy and prefers dealing with cash;
- businesses where the provider prefers cash so that they may avoid paying tax on the transaction (the so-called “black market” economy); and
- persons carrying on illegal activities who wish to avoid detection (e.g. drug dealers).

With the widespread and pervasive usage of credit and debit cards (especially those containing security chips), mobile devices and computers, and with the encouragement of banking institutions to avoid using cash, there is ready acceptance within most of society to not use cash. For those individuals who are adverse to using non-cashless means to purchase goods and services, the cost of the government in providing help services to assist them would be relatively minimal and would foreseeably be phased out within a matter of several years.

Taxing transfers

Basically, any money that is transferred out of an account in Australia will be subject to tax. There are no exceptions to the tax and no threshold amounts, below which the tax is not payable. Individuals, corporations, government bodies, and unincorporated bodies - even currently tax-exempted institutions - will all be subject to the same rate of tax. Making a payment towards a luxury item, such as a piece of jewellery, or to a charity is taxable. Buying something from overseas will be taxable, as would paying the wages of an employee.

The amount of tax

The amount can be easily calculated by dividing the amount of money the government needs to implement all its programs during the following 12 months into the amount of money that circulates between accounts during the same 12 month period. The government, with the help of the banking sector, should be able to determine the latter amount quite easily. I believe the tax rate may be as little as 7% to 10%.