

Attention : The Chairman of the Tax Forum

I propose a form of a flat rate tax, but a form that is fair to everyone. Abolish personal income tax and release everyone, rich and poor from the imposition of personal income tax. There's a very basic logic that supports this idea. The partnership between business enterprise and the community as a whole is what creates community wealth, not the individual worker. So its only natural that business enterprise and the community should share the profit gained from this partnership.

The individual worker is a resource used by business enterprise. In fact the office once labeled personnel department , is now called human resources. So why should a resource pay tax. Its the user of a resource that pays tax not the resource. For example in the coal mining industry its the mining companies and the end users that pays tax, not the coal.

The way the tax would work is both the business enterprise and the community(government) would have a share of the gross profit. ie. the community will get 30% (the current company tax) and the business enterprise 70%. On the face of it not a fair split. However there is a twist to this proposition. Since there's no personal income tax to be paid, the sole proprietor of a company is going to pay himself the gross profit of the business, leaving the business with no profit to share with the community. So to close this loophole any wages, salaries, commissions etc paid to an employee will also be taxed at 30% (a human resources tax) and responsibility for the payment of this tax is the business enterprise. ie. its a cost tax, not a profit tax.

Except for businesses where there's no other resource used other than human resources, this tax will cause the split of the business enterprise's revenue with the community to be closer to a 50/50 split. A very fair outcome don't you think.

It would require a law that All businesses would have at the very least one employee, the business owner. And the payroll tax would be abolished.

All business activity would have to be done by a registered business enterprise, and that includes individuals who are themselves the business, eg. actors and sporting people.

The main hurdle to be overcome would be the introduction of such a tax. For it to be introduced in one step it would require an big downward adjustment to everyones wages and there's no way workers would agree, particularly

workers with dependants. It would have to be introduced gradually, say at quarterly intervals. As worker's income tax obligations are reduced the "human resource tax" would be increased at the same rate.

The introduction of a "human resources tax," would be defined by and associated with the abolition of personal income tax.

With a "human resources tax," and the abolition of personal income tax, the tax department will be able to focus all its attention on business enterprise, to make sure all taxation procedures are being followed.

If you have any questions please do not hesitate to email me.

My kindest regards

Michael **on the Gold Coast**

Michael Smith