

Submission.

I'm a little perplexed that the extensive Henry review with 138 recommendations was largely not implemented nor regarded as a sufficient coverage of the taxation reforms necessary for Australia. It seems that we keep putting off the hard decisions.

- So my first recommendation would be to remove politicians from the process. Every election sees tampering with taxes & spending from all Political parties, States and a myriad of lobby groups with vested interests. Such changes to taxation are applied in an ad-hoc manner with no oversight. This ultimately leads to a complicated and unfair tax system.
- Any Nation's budget, in the long term, requires income to equal spending. Australia does pride itself on providing help to those less fortunate in our society. If we believe that then we must accept a fair taxation system to provide the services that people want in Health, Education and Employment (including welfare). At present it would seem that most taxation benefits flow to the wealthy 90% of the time. Because there is no independent 'commission' to oversee the tax system many important reforms languish between changes of government. Governments continue to manipulate spending and tax. Knowing that bracket creep will continue to increase their taxation revenue they give what appears to be a generous tax cut. Not only is this process not transparent but it also further exacerbates inequality in our society.
- Consequently we need a separate, independent 'tax commission' that administers and maintains our tax system with mechanisms to engage all sectors of our society in ongoing reform and maintenance
- If our income tax system is to provide equality in our society it should be progressive in nature.
- I don't particularly like regressive taxes such as the GST. However, if we are to broaden our tax base and the GST is increased then I would prefer that the basic essential items needed for survival should remain within a 10% tax. However, luxury items (such as expensive cars, cigarettes, private schools, large screen TVs etc) should be taxed at a much higher rate of 30%. Although this creates some complexity in such a regressive tax system, it has the benefit of being much fairer as people with low incomes spend more of their income on essentials. Such a system would require the plethora of State taxes to be removed and States compensated under a fair, Federal system.
- Overall, our taxation system is far too complex with too many rules that can be exploited by those who have the ability.
- An optimal tax system must be efficient, equitable, cheap to comply with and easy to understand
- It is time to remove all deductions from income & company tax. Why should tax payers have to pay for a tradesman's tools, a company's car, a computer system, a

teacher's books, the purchase of a home to rent etc. These are the costs of doing business and don't need to be subsidised by tax payers. With deductions removed the general rate of individuals & company taxes could be lowered to aid in our international competitiveness.

- It is time to remove other forms of tax minimization and avoidance. The use of family trusts, negative gearing, off-shore accounts, exploitation of concessional tax rates in superannuation, moving funds through multiple entities to avoid or minimise tax.
- Funding of Education, Research and Health need to be placed on a sustainable platform that is removed from the political cycle so that proper planning for the future can take place
- Taxation should be increased on those items that are detrimental to the community's good. This includes cigarettes, alcohol and detrimental climate changing enterprises.
- Resources should belong to Australia as a nation, not an individual State. As such there should be a natural resources rent tax that is paid to Federal Government and distributed fairly throughout the nation.
- Family assistance should remain exempt from low to middle income earners because it addresses direct costs associated with children. Wealthier families would contribute a percentage of their income in tax. Similarly, the Medicare levy and other tax offsets for seniors etc should be part of the personal income tax scales and adjusted in a fair manner.