Taxation Review Suggestion

The current complexity of our taxation system means that there are specialists required to provide advice for businesses and individuals. This complexity inhibits small businesses and individuals from taking steps to grow their individual economies, to increase the size of their business, to increase the number of people they can employ. The complexity makes it costly to plan and grow for the future.

My suggestion for the Tax Review is twofold. Firstly, eliminate differing taxation levels between individuals, companies and other organisations by setting a flat rate of taxation. Secondly, eliminate taxable deductions.

1. Flat Rate of Taxation – For every dollar earned, a 10 cent (10%) tax is applied as an example. The benefits of a flat rate of taxation reduces the complexity of calculating tax required through different taxation levels. This system works effectively for company tax, and should be imposed on all other taxes also. Businesses and individuals will be able to plan growth and development for the future as we simplify the taxation requirements. By including all other organisations such as religious and non-for-profit organisations, the taxation system will be less discriminating.

2. Eliminate Taxable Deductions – Every year the Commonwealth Government returns millions of dollars to individuals and businesses due to taxable deductions. This process of collecting tax, evaluating deductions, approving deductions and returning the monies for a refund cost the government as well, and it costs businesses and individuals to ensure they are taking advantage of this process.

By implementing these two strategies together, people will pay less tax on their income. This will then compensate for the elimination of taxable deductions. Overall with this simplified approach less man hours will be required to assess and analyse the overall process and the individual and business tax returns yearly. The cost savings for the government from not having to repay tax for deductable items, will out way the reduction of potential income from the varying taxation rates.
These changes provide for a fair taxation system across the Australian demographic.

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