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SUBMISSION TO BETTER TAX CONSULTATION

Time to consider a Bequest Tax

I am an Australian citizen aged 67 and destined to work and pay income tax for some years to come. I am quite happy to do so.

However, I have noted with interest ongoing inquiries by the Productivity Commission, the National Commission of Audit and public discussions about the sustainability of future government expenditures on health, education and welfare services.

Whilst it is appropriate to ensure that government expenditures deliver value for money and are effective, why are we not also introducing more of the revenue options canvassed in the “Future of Australia’s Taxation Report” 2009? In particular, Section 4.4 of the report read:

A bequest tax would be an economically efficient way of raising revenue and would allow reductions in other, less efficient taxes. It would not affect saving decisions to fund an adequate standard of living in retirement. Saving decisions motivated by the desire to leave a bequest would be affected, but only to a limited extent.

Given the controversial history of bequest taxation in Australia, the Review has not recommended the introduction of a bequest tax, but believes that there should be full community discussion and consultation on the options. Most OECD countries impose bequest taxes — either through taxes on the whole estate or individual inheritances.

Is it not time now to lift the “taboo” on discussion of an inheritance or bequest tax?

Yours sincerely

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