

TAX WHITE PAPER TASK FORCE

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MAY I FIRST IDENTIFY MY CIRCUMSTANCES, WHICH IN TURN WILL IDENTIFY ANY CONFLICTS OF INTEREST. I AM A SELF-FUNDED RETIREE, IN MY LATE 60'S. I WORKED AS A TRADESMAN, IN MEDIUM TO HEAVY INDUSTRY. I NEVER ACCESSED TAX MINIMISATION SCHEMES SUCH AS, PRE-TAX CONTRIBUTIONS TO SUPER, NEGATIVE GEARING OR FAMILY TRUSTS.

MY CONTRIBUTION COULD WELL BE DEEMED AS POLITICAL, HOWEVER WHATEVER POSITION ONE TAKES COULD BE CONSIDERED POLITICAL, AS IN MOST THINGS IN LIFE, OUTCOMES CAN BE REACHED IN MANY WAYS. MY CONCERN WITH THE PRESENT GOVERNMENT'S PROPOSALS TO BRING THE BUDGET BACK INTO SURPLUS, COMPLETELY DISREGARD VERY GENEROUS TAX CONCESSIONS TO INDIVIDUALS, ESPECIALLY IN RESPECT TO SUPERANNUATION, WHILE THEY TARGET THE MOST DISADVANTAGED, IN AREAS SUCH AS PENSIONS AND LOW INCOME EARNERS. LAST YEAR'S BUDGET ATTEMPTED TO BALANCE THE BUDGET, OVER A PERIOD OF TIME, WITHOUT ADDRESSING THE GENEROUS TAX CONCESSIONS, MANY OF WHICH GOVERNMENT MEMBERS WOULD ACCESS TO CUT THEIR TAX LIABILITIES.

ARE POLITICIANS PREPARED TO BE FULLY TRANSPARENT IN RESPECT TO THEIR CONFLICTS OF INTEREST REGARDING NEGATIVE

BEARING, FAMILY TRUSTS AND TAX CONCESSIONS FOR SUPER, WHEN VOTING ON ANY PROPOSALS. THE PRIME MINISTER APPEARS TO HAVE RULED OUT ANY CHANGES TO THE GENEROUS TAX CONCESSIONS PROVIDED TO HIGH INCOME EARNERS AND THE WEALTHY, PARTICULARLY FOR SUPERANNUATION.

### SUPERANNUATION

THE GOVERNMENT APPEARS TO HAVE ITS PRIORITIES DELIBERATELY BACK TO FRONT ON SUPER. WHILE GIVING THE WEALTHY AND HIGH INCOME EARNERS EVERY ASSISTANCE TO BUILD THEIR ACCOUNT BALANCES, EVEN THOUGH THEY COULD NOT ACCESS THE PENSION, THEY NEGATIVELY IMPACT ON LOW INCOME EARNERS, THE VERY PEOPLE WHO NEED TO BUILD THEIR ACCOUNTS, SO AS TO MAKE THEM SELF SUFFICIENT, IN RETIREMENT.

WE SHOULD NOT BE SURPRISED BY THE GOVERNMENT'S POSITION, THE COALITION HAS ALWAYS BEEN OPPOSED TO MANDATORY SUPER, SINCE IT WAS INTRODUCED. THE PRIME MINISTER IS ON THE RECORD AS SAYING "SUPERANNUATION IS A CON TRICK" AND "PEOPLE WOULD NOT GET THEIR MONEY BACK". WHERE WOULD THE COUNTRY BE IN TERMS OF RETIREMENT INCOMES AND THE DEFICIT, IF THE COALITION HAD BEEN SUCCESSFUL IN OPPOSING THE INTRODUCTION OF MANDATORY SUPER, FOR THE GENERAL WORKFORCE, CERTAINLY, ITS BEEN A SUCCESS STORY FOR

BOTH MYSELF AND MRS. JOHNSON.

### SUGGESTIONS

- (1) NO PRE-TAX CONTRIBUTIONS TO SUPER.
- (2) EMPLOYER CONTRIBUTIONS TO BE TAXED AT THE EMPLOYEE'S PERSONAL TAX RATE.
- (3) NO TAX ON INTEREST EARNED BY AN EMPLOYEE'S ACCOUNT, UNTIL THE INTEREST REACHES \$100,000 PER ANNUM, THEN TAX EVERY EXTRA DOLLAR AT 15%.

THE CHANGES MADE BY THE HOWARD/COSTELLO REGIME WERE DELIBERATELY AIMED TO BENEFIT HIGH INCOME EARNERS AND THE WEALTHY. IT WOULD BE AN INTERESTING EXERCISE TO HAVE SOMEONE CALCULATE THE COST TO THE BUDGET BOTTOM LINE, OVER THE YEARS, OF THE CHANGES.

### NEGATIVE GEARING

THIS INVESTMENT TYPE IS FAST BECOMING THE NEXT TREE-PLANTATION DISASTER, WAITING TO HAPPEN, WITH PEOPLE BEING ATTRACTED TO THE TAX CONCESSIONS, WHILE AT THE SAME TIME HAVING LITTLE OR NO INSIGHT INTO PROPERTY INVESTMENT, WHEN THE CRASH COMES, INDIVIDUALS WILL BE LEFT WITH A LARGE DEBT AND A FALLING VALUE OF THE ASSET.

THE OTHER NEGATIVE IMPACT APPEARS TO BE IN RESPECT TO THE FORCING UP OF PRICES BECAUSE OF DEMAND AND THE

NEGATIVE IMPACT ON PROSPECTIVE FIRST-TIME HOME BUYERS, ATTEMPTING TO GET A FOOTHOLD IN THE MARKET.

### SUGGESTIONS

(1) NEGATIVE GEARING ONLY APPLIED TO NEW STOCK.

(2) ON THE SALE OF AN ASSET, BE IT PROPERTY OR SHARES, THAT HAVE BEEN NEGATIVELY GEARED OR LEVERAGED, ALL TAX CONCESSIONS RECEIVED PRIOR TO SALE WILL BE TAKEN INTO ACCOUNT WHEN CALCULATING CAPITAL GAINS.

(3) ALTERNATIVELY, ANY SALE OF AN ASSET THAT HAS RECEIVED A TAX CONCESSION, WILL RECEIVE NO CONCESSION WHEN SOLD, THAT IS, NO HALVING OF CAPITAL GAINS AFTER 12 MONTHS.

AGAIN, IT IS NOT UNREASONABLE TO SUGGEST THAT MANY POLITICIANS AND THEIR FAMILIES WILL HAVE NEGATIVELY GEARED INVESTMENTS, HOW WOULD THEY DEAL WITH THE CONFLICT OF INTEREST, WHEN DEALING WITH AND VOTING ON THE ISSUE.

### FAMILY TRUSTS

THE USE OF SUCH ENTITIES HAS GROWN FROM ITS ORIGINAL PURPOSE AND INTENT IN HOLDING TOGETHER LARGE ESTATES. IT IS ANOTHER EXAMPLE OF TAX LAWS BEING STRETCHED TO MEET A CLIENT'S REDUCTION

in their tax liabilities.

### SUGGESTIONS

- (1) TAX ALL INCOME EARNED BY THE ENTITY, AT THE HIGHEST TAX RATE
- (2) OR ALTERNATIVELY, TAX ALL DISTRIBUTIONS TO INDIVIDUALS, IRRESPECTIVE OF THEIR OWN PERSONAL TAX RATE, AT THE HIGHEST PERSONAL TAX RATE,

AGAIN, THESE ENTITIES ARE NOW BEING CREATED, SIMPLY TO AVOID TAX LIABILITIES, BY WEALTHY FAMILIES AND INDIVIDUALS, TO THE DETRIMENT OF THE BUDGET BOTTOM LINE. WE ARE FAST REACHING THE SITUATION WHERE INDIVIDUALS CAN STRUCTURE THEIR AFFAIRS TO PAY WHAT EVER LEVEL OF TAX THEY WANT TO. AGAIN, POLITICIANS PARTICULARLY NATIONALS WILL HAVE A CONFLICT OF INTEREST TO DEAL WITH, WHEN VOTING ON ANY CHANGES.

IT IS CLEAR, ANY DOLLAR OF TAX CONCESSION HAS THE SAME IMPACT ON THE BUDGET BOTTOM LINE AS A DOLLAR SPENT ON WELFARE, OR SERVICES SUCH AS HEALTH AND EDUCATION. IT WOULD APPEAR THAT THE GOVERNMENT DOES NOT ACCEPT THE PRINCIPLE, AS IT HAS FOCUSED ON WELFARE AND SERVICES IN AN ATTEMPT TO FIND BUDGET SAVINGS.

WE HAVE A SMALL NUMBER OF INDIVIDUALS AMASSING ENORMOUS FORTUNES THROUGH THE TAX STRUCTURES I HAVE

MENTIONED, ALONG WITH THE USE OF TAX HAVENS, THIS IS NOT A PHENOMENON RESTRICTED TO AUSTRALIA. ALL DEMOCRATIC GOVERNMENTS ARE GOING TO HAVE INCREASING DIFFICULTY IN MEETING THEIR SOCIETY'S EXPECTATIONS IN TERMS OF WELFARE AND SERVICES. THIS MAY WELL LEAD TO A FRACTURING OF COHESION, IN THOSE SOCIETIES.

OF COURSE, THE OTHER NEGATIVE WITH INDIVIDUALS AMASSING SUCH WEALTH IN TAX HAVENS, IS THAT IT TAKES MONEY OUT OF AN ECONOMY WHICH COULD BE USED TO GENERATE ACTIVITY AND JOBS.

I HAVE NO UNDERSTANDING OF WHY INDIVIDUALS WOULD NEED OR WANT SUCH FORTUNES, WHAT DO THEY INTEND DOING WITH THE MONEY.

IF POLITICIANS WANT THE GENERAL PUBLIC TO TAKE SERIOUSLY THE BUDGET DEFICIT, THEY NEED TO RESPECT THE PUBLIC PURSE THEMSELVES. WE ARE ALL AWARE OF THE STORIES, DETAILING POLITICIANS USE OF PUBLIC MONEY, TO FUND TRAVEL, MEALS, ACCOMODATION ETC, FOR THEIR OWN SELF PROMOTION OR INTEREST. THE PRIME MINISTER IS A PRIME EXAMPLE, WITH THE PETER McALLUM clinic visit, SO HE COULD CLAIM HIS EXPENSES, WAS A DISGRACE. THERE ARE MANY OTHER EXAMPLES OF FLAGRANT ABUSES OF POLITICIANS EXPENSE ACCOUNTS.

OTHER ISSUES BEING DISCUSSED  
COMPANY TAX RATE.

IF THE RATE IS TO BE CUT, LETS TIGHTEN THE RULES, SO THAT COMPANIES HAVE TO MEET THEIR OBLIGATIONS

G.S.T.

PENSIONERS, LOW INCOME EARNERS, UNEMPLOYED AND DISADVANTAGED ARE FULLY COMPENSATED. I AM CONCERNED THAT A G.S.T. ON FRESH FOOD, MAY IN THE LONG RUN, HAVE A NEGATIVE HEALTH IMPACT, AS IT MAY WELL LEAD TO MORE CONSUMPTION OF FAST FOOD.

THE GOVERNMENT WANTS TO STOP PLAYING POLITICS ON MANY ISSUES, "NO MORE EXCUSES OR SURPRISES", SEEK ACCEPTANCE OF POLICIES RATHER THAN COMPLAINING ABOUT THE OPPOSITION'S REFUSAL TO PASS MEASURES IN THE SENATE.

I WOULD LOVE TO ENGAGE IN PUBLIC FORUMS, PARTICULARLY WITH POLITICIANS, TO PUT FORWARD OUR STORY; IF WE CAN BECOME SELF-FUNDED RETIREES, I AM SURE MANY OTHERS CAN, THE GOVERNMENT HAS TO CHANGE ITS IDEOLOGICAL OPPOSITION TO SUPERANNUATION AND INDUSTRY FUNDS AND GIVE EVERY ASSISTANCE TO THOSE WHO NEED IT,

Yours M. Jahn