I would like to suggest what I believe is REAL tax reform not the pseudo “reforms’ that our political leaders pretend to be trotting out but which in reality is just another exercise in shifting ‘the chairs on the titanic’.

This is real reform and it’s so simple that you may possibly laugh and wave it off as being absurd. But before you do just think about it.

Step one: Scrap all and every tax that is on the statutes in this country – bar none.

Step two: Introduce a transaction tax of ½-1% on EVERY bank transaction (both into and out of the bank A/C) in the country – BAR NONE.

Step three: Introduce new rules that require ALL wages to be paid directly to a bank account – bar none

Step four: Introduce tax audit rules that requires every business to lodge a detailed income and expenditure statement reconciled to the profit and loss account and balance sheet to ensure that all relevant non banking transactions are accounted for and so a tax reconciliation and necessary top up payment can be made at the end of the year, if required.

Step five: Do a deal with all unions so that wages can be reduced and the savings shared between business and the individual and so as to enhance our cost competitiveness worldwide. (eg a person on $50K pa now pays about $11k in tax. So that person actually has $39k in the pocket. Under my scheme, assuming that a wage deal can be struck ½ the tax of $11k can be shared between employee and business and so that the employee now receives say $45K. Assuming now that that employee spends or moves from his/her bank account the entire amount – for whatever reason the total tax take is 1%or 2% ( ½%or 1% going in and ½% or 1% going out or ) ie $450 or $900. The tax is miniscule and so avoidance is not an issue.

The cost to implement this scheme is absolute zero. The banks used to have a line of code when the old FID was in place that said multiply the sum by a rate if the result is <$600 then that is the number, if the result is >$600 then $600 is the answer and that was the FID paid on that transaction. All that is necessary is to remove the ‘*if the result is <$600 then that is the number, if the result is >$600 then $600 is the answer’* and you have the collection equation. The transaction is on EVERY transaction, NO exceptions and NO exemptions.

The revenue raised is massive and it is open and transparent and will FORCE Government to stop its ridiculous and wasteful expenditure because it has a finite amount of money that can be collected.

If you doubt this scheme just have a look at the volume of money from all sources traded through the banking system from the figures produced by the Reserve Bank from from the last few years and you will get an idea as to how successful this plan will be.

Bear in mind that Industry and private enterprise spend a minimum of $6Bilion a year now on compliance work both with accountants and lawyers – and for what? Imagine the ease of collection – it’s mind boggling!!

This single measure would make Australia the financial capital of the world as funds would pour in to the country because of the equity of the system.

The system is so simple – it’s a no brainer, it’s fair and it’s unavoidable. But who would want to avoid such a miniscule tax anyway?

I have no fear that the system would not work and restore equity across the economy but it will fail if accountants, lawyers and so called economists oppose it because it’s a simple (NOT SIMPLISTIC) scheme and they will argue – why have a simple workable scheme when you can have a cumbersome, complicated and unintelligible scheme that only we can understand and from which we can make money!!!

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