**Comments on current tax situation in Australia**

**General**

Australia is uncompetitive on taxes. There is a general bias against being successful and making money. The bar for ‘success’ is set too low, unless you are super rich and benefit from oligopoly or monopoly situations, then as per Kerry Packer you have enough money to ensure tax is minimised. For most people the tax act/ process is way to complex and the friction costs of financial planning or tax advice are borne by the user. Ideally we need to encourage people to aim higher, get more after tax money and do away with many levels of tax or unnecessary advice and paperwork.

**Suggestions:**

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| **Issues Now** | **Suggestions** |
| Income tax is too high and too much bracket creep | Aim for highest marginal tax rate to be at same as corporate tax rate. Index to CPI. Marginal tax rates kick in way too low at 180k. Should be kicking in around 4-500k |
| Income and Corporate tax too high. VERY uncompetitive compared to Singapore, Hong Kong and even NZ. Smart people stay out of Australia. | Set at 25% immediately. Encourages growth in people wanting to work encourages smart businesses and people to locate in Australia. |
| CGT tax is uncompetitive, and complex. So many grandfathering of CGT issues and crazily complex | Do away with CGT altogether. Simplifies Tax planning too |
| Planning for retirement is hard if ALP/ Liberal keep tinkering with super | Put superannuation policy in the hands of a Reserve Bank like body, that meets annually and can change superannuation policy once every period (10 years). They have 4 meetings in the year before the change of policy. |
| Saving for retirement should be encouraged. This idea that having $1m in the bank is ‘rich’ is nonsense. If you have saved all your life, where is the encouragement for that? | Superannuation should be increased again, as you want everyone to save for retirement. The ‘rich’ who pay all the tax today have been taxed more than enough on their income. I’d suggest they will drive the economy if they have more in retirement too. You need them out of the workforce and not a drain on the economy. There should be no incentive to hire older workers – this is a false economy and waste of money. Older workers should be retired but have enough to be self-sufficient. Taxing the family home is nonsense and unfair for same points. Reverse mortgages a bad idea – just good for the financial planning industry and bad for the home owner. Homes should be seen as just that not a source of capital for Govt.  Liberals saying that if you have now 800k that this will be means tested is crazy.  ALP saying that 75kp.a. income in retirement saying this classifies as‘rich’ also sets the bar way too low. |
| Negative gearing is boosting property prices | The air needs to come out of House prices and negative gearing should not be allowed for infinite tax write downs. Some limit should be applied, as unlimited losses allowed. |
| Tax act too complex | Look at how Singapore and Hong Kong do things and apply what they have done. No CGT no tax on dividends etc/ High thresholds for tax payment and low tax. Encourages people to work. Look at how they say they don’t tax you for the time spent out of country. |
| Is it competitive to pay tax on all assets world-wide? | Competing against countries such as Singapore and HK and NZ for talent but we tax people on assets world-wide - - is that sensible policy I wonder? If companies only pay tax here on revenues they derive from Australia, why do we tax individuals on their world-wide income I wonder? Seems unfair. |
| Multi-nationals need to pay fair share | Tax on revenue with minimum levy perhaps? |
| R&D write downs/ grants for research | This is being rorted by banks – we need genuine R&D research to be given grants – banks are not really doing/ created ‘research’ it is just a way of increasing profits. We need these funds to be directed to genuine companies like Cochlear/ and start-ups to encourage entrepreneurs to have a go and have the system backing them |
| Politicians and Public Servants | Should only have the same contribution capacity as everyone else. Public servants 15% contribution is wrong. |
| Own houses | NEVER touch people’s houses for tax |
| Pay roll tax | Stop payroll tax immediately it is a handbrake on growth and employment and simply encourages overseas employment |
| Carbon pricing | There needs to be a price for carbon – and don’t call it a tax, it’s a market based price as there is a cost of clean-up/ cost to the economy for higher carbon companies – the fact that this affects future generations more is even more reason to do it now. |
| Luxury car tax | How uncompetitive are luxury car taxes in Australia – why are you penalising people who want to buy a decent car? Is this part of the mentality of ‘don’t encourage people to aim high’? |
| Cigarette tax | Needs to be taxed more as massive costs for the health system. Funds need to be redeployed to quit programmes not just general revenue |
| “Obesity tax”/ fast food tax | There needs to be more of a tax on unhealthy food as this is a cause of major cost in the health system. Funds recovered should be put into parks/ recreation facilities in disadvantaged areas to give people options they may not have had before. |
| Stamp duties | Such a waste of money going to inefficient bureaucrats |
| GST | Needs to be increased as a very efficient tax but NOT applied to children’s’ clothes or food or ‘books’ – even electronic books/ apps as we need to encourage reading or education eg online maths tutors etc. – tax free. |
| Tax on religious organisations | Interesting that there is no ‘tick box’ in the web-site for getting tax to be paid from ‘religious’ organisations. We have separation of church and state and religious organisations that have commercial enterprises should be paying their fair share of taxes otherwise it is an unfair commercial advantage. They can raise money for their charitable enterprises in other ways, as they today put other people out of jobs by taking their work. The catholic and Anglican churches as large landowners should be paying taxes on all their income from commercial rents if they are not today. |
| Structure | We should have a referendum to remove the States as a waste of money with all the added tax complexity and over government. |
| Mining Tax | There should be a mining tax as we have non-renewable assets being mined. Can be a simple levy on revenue which miners put into the price. This should be diverted into perhaps creating added value manufacturing that leverage the core iron/ coal assets in Australia or just put into renewables, but needs to be more creative use of royalties than just seeing them as a ‘tax on miners’. We need to have a mining industry which is an important contributor to growth but it can’t be just seen as a short term thing, we need to leverage the asset and build for the future. |
| Fuel taxes | Fuel taxes are low here by comparison to Europe – need to encourage lower emission vehicles and discourage “V8” mentality. |
| Tax on alcohol | We need a fair alcohol tax |
| Pokies | We should be aiming to ban pokies in all club venues as this strips money from those that can least afford it |
| Effectiveness of working vs. dole | There needs to be a big divide in incomes between those on the dole and those in work – to encourage work. You must pay people something to live (rather than the Liberal’s 1 or 6 month gap) but there needs to be incentive to work and have a very simple tax system once you are in work. |