



FACT SHEET

Taxation of saving and investment

Section 8 of the 'Architecture of Australia's tax and transfer system' paper provides a framework for analysing the often complex ways in which the tax system interacts with saving and investment choices in an open economy. It analyses a range of efficiency issues.

Key points

- The tax system has diverse impacts on savings and investment incentives. These occur because of the interaction of our tax treatment of different assets, different forms of financing, and different types of entities. The different tax treatments would be expected to affect savings and investment decisions across the economy.
- Rapid growth in cross-border investment has increased the importance of international factors in considering how we tax savings and investment. Other countries' company income tax rates continue to fall. There are ongoing challenges to our ability to tax residents on their foreign source income, and non-residents on their income from investing in Australia.

Savings and investments in an open economy

