

# **Australia Future Tax System - Submission**

by  
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## **1. Submission Request.**

Allow for dependent children residing outside of Australia to be treated the same as children residing inside Australia for Tax purposes and Family Assistance.

## **2. Submission Background.**

Please consider the unjust and unequitable and potentially discrimination based upon race and county of the Australian Taxation System against children who reside outside of Australia but are fully financially supported by a tax payer residing in Australia and paying Tax under Australian law.

The Australian Tax System does not allow for any deductions for dependants who do not reside in Australia (except under very limited special circumstances). This is unfair.

Typically many migrants come to Australia and may leave their dependants (usually children) back in their native country due to social reasons. The migrant will work in Australia paying tax and will support his/her dependants but he cannot claim a deduction for such.

In some cases the Tax Payer may have even become an Australian Citizen.

The migrant may have married an Australian Citizen and decided to move to Australia but leave their children back in their native country. Both the new migrant and the step-children then become dependant upon the Australian Citizen who financially supports all the children, however they are not allowed to claim any deductions for the children. Additionally their support and cost are not considered by Centrelink or CSA (Child Support Agency if other children are involved). Likewise "Family Assistance" does not include such children for any payment or calculations in the number of children being supported. It is as the children do not exist as far as the Australian Tax System and associated Centrelink Systems are concerned.

## **3. Submission Scope.**

This submission has been aimed mainly for the welfare and well being of Children regardless of the their place of residence. The scope could be broaden to include all dependant of an Australian Tax Payer, e.g. elderly parents.

## **4. Consultation questions**

The Consultation Paper published on the Tax Review website posed a number of questions. A response has been made under each question of the relevance of this submission to those questions.

The paper is located at,  
[http://taxreview.treasury.gov.au/content/ConsultationPaper.aspx?doc=html/Publications/Papers/Consultation\\_Paper\\_Summary/index.htm](http://taxreview.treasury.gov.au/content/ConsultationPaper.aspx?doc=html/Publications/Papers/Consultation_Paper_Summary/index.htm)

Relevant in reference to the Consultation Papers, "Australia's future tax system", Consultation Paper Summary, **4. Personal tax and transfers.**

Q4.1 How might the personal tax system be changed to better achieve the goals of greater simplicity, transparency, **equity** and efficiency?

**Response: Allow all dependent children of an Australian Tax Payer to be treated equally.**

Q4.8 What priority should be given to the different objectives associated with **family assistance**, such as **poverty alleviation**, recognising the **social value of child rearing**, facilitating workforce participation of parents, and early childhood education? Would it be better to provide less family assistance to higher income earners?

**Response: Allow all dependent children of an Australian Tax Payer to be treated equally, including "family assistance", and child rearing costs. (Given that in many cases the Child may well migrate to Australia in the future and the migration process favours the migration of family members). The existing tax system increase the poverty pressures on the supporting family as the children are invisible to the Tax System, Family Assistance and Centrelink, it is as they do not exist. But the children do exist and need to be supported. The social values are neglected by the existing tax system. There are many additional pressures on tax payers supporting children not residing in Australia, from the social to financial but the Australian Tax and social security systems ignore thus not help the families involved, nor the tax payers living in Australia. This also tends to create an impression of racism by the Australian government policies too, with it being emotionally magnified more when it relates to children.**

**The tax system seems to negate that many of the children are likely to migrate to Australia in the future to the benefit of Australia.**

Q4.9 What are the key factors that should affect rates of transfer payments? What should be the relative importance of duration on income support, costs of work and job search, **costs of children**, value of home production and the level of the federal minimum wage?

**Response: Allow all dependent children of an Australian Tax Payer to be treated equally. The cost of children still exists even when the children reside outside Australia but the existing system ignores these costs.**

## **5. Conclusion**

For the Australian Tax system to be fair and equal all dependant children of an Australian Tax Payer should be treated equally regardless of their place of residence.