Background. I run a midsized wool operation. Since the wool downturn of the early 1990's I have prepared the tax return for the farming partnership and my wife and my individual returns.

Positive of the current system- etax for individuals. I wish there was a similar package for small businesses that really have a very straight forward return.

Simplified taxation system was not really a simplification. It just added another level of decision making- i.e. do I or don't I qualify and is it worthwhile or is it not? I am still really not sure what a pool for depreciating assets is. Does every purchase of depreciating asset go into a new pool for every year, or do you add to existing pools? If you need an accountant to explain this, you might as well have stuck with an accountant, in which case you didn't need a simplified system in the first place.

My biggest frustration comes with change to the tax returns, as I am now comfortable with my obligations and have developed a book keeping system that allows me to complete the tax returns each year.

I believe any changes must pass 3 tests

1. Is it fairer
2. Is it simpler
3. Does it COMPLETELY replace at least 1 equivalent aspect of tax law.

Many small businesses are essential very simple. The complexity of the tax system seems preoccupied with catching every possible aspect of possible tax minimisation, without regard to whether it provides a net benefit to tax revenues and the economy after the cost of accountants and enforcement are taken into consideration.

By way of example, does it really matter whether a newly erect fence is a repair or a new asset to be depreciated. On average around Australia there will be a certain amount of fence being erected each year, let's say 100,000 km. Does it really matter if the full 100,000 km are written off as expense in year one, or 25 years worth of fence are depreciated at 4% each year as 25x.04x100,000=100,000!

Similarly with the valuation of stock on hand. Assuming the stock will eventually be sold for cash, the real value of the stock will eventually be taxed. The semantics of valuation at year end are in the long run irrelevant. In both these examples a tax saving one year will only lead to a greater tax liability in a later year.

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