

I wish to make a submission to the Treasury Review Panel in respect to **Architecture of Australia's Tax and Transfer System**.

Introduction

I have prepared this personal submission and my name is

Mr Ronald William Cross

[removed for privacy reasons]

I have been a resident of Australia and an individual taxpayer for last 48 years since 1960 and welcome this opportunity to respectfully comment on some aspects of our current and future taxation system

I submit the following for your review and consideration

1 Personal Income Tax

Implementation of tax cuts to all income taxpayers as soon as possible to further boost consumer spending in the economy during this critical period.

Tax deductions should be reinstated for all Medical expenses net of Medicare refunds and private health insurance claims

Tax deductions implemented for private Health insurance cover premiums

Tax deductions to be introduced for funeral expenses paid on behalf of any deceased relative

2 Salary Sacrifice

Allow all salary recipients the right to salary sacrifice to superannuation.

This should be a universal right not an arbitrary one and limited to superannuation only

3 Corporate Income Tax

Reduce all Company tax rates to 20 %

This will encourage additional investment in our corporations at all levels and result in higher earnings for after tax income profit distribution and dividends to shareholders both resident and non resident .

An increase in company earnings will assist greatly in stimulating investment in Australian equities and encourage Australian taxpayers to save for self funded income streams thereby assisting the Australian Government with part relief in welfare payments and concessions

The combined tax take from company earnings at Corporate source 30 % with taxes on Dividends at personal marginal rates by individuals is extremely high and often in excess of 50 % and is detrimental to investment in our country

4 Franking Credit Refunds and Tax offset

It is imperative that the current system of franking credits to individual Australian taxpayers is retained at 30 % of gross company dividends and totally refundable to current individuals and complying superannuation funds , life assurance companies and eligible tax exempt bodies etc

Franking credits should offset all income tax liabilities by the taxpayer

5 Tax Bonus payment and eligibility test

Franking credits **should not be taken into account** for determination of adjusted tax liability for 2007-2008 as outlined in current Tax Bonus payment guidelines from ATO

Franking credits and credits for PAYG taxes prepaid unlike Mature Age worker and Low income tax offsets are not reductions of tax as otherwise assessed on taxable incomes

The Australian Taxation Office eligibility test currently discriminates against taxpayers who have earned dividends with franking credits as distinct to taxpayers who receive income from any other source e.g. Rent and interest

6 Withholding Taxes

The current rate of withholding tax could be reviewed and some reduction considered that may encourage investment in Australian companies and equities from non residents

Thank you
Ron Cross