

Dear Sir,

Thank you for the opportunity to contribute to the review process. I would suggest the following for consideration.

1. The Negative Gearing structures in the Tax Act need to be wound back, with the ultimate objective of abolishing Negative Gearing within five years. This regime favours debt over saving, leads to excessive speculation, distorts asset values and encourages manipulative tax planning rather than productive investment. Rates of Negative claims could be reduced by 20% each year until the system ceased in five years. This would be enough time for people to reorganize their affairs.
2. Income derived from interest on savings should be made tax free. In an era when people are being asked to take more responsibility for their post work retirement income, this encouragement to save would be a valuable in changing attitudes from debt to accumulation. It would also have the effect of stabilizing the balance sheets of financial institutions in times of uncertainty. Self funded retirees would gain, and the responsibility for government funded pensions could be reduced. The overall combination of items 1 and 2 would be approximately revenue neutral.
3. The tax system should retain the Dividend Imputation Scheme. With more people entering retirement in a self funded situation, it is important to preserve as many income options as possible. With the economic downturn many companies are going to reduce dividends, maintenance of the imputation credit is vital to preserving the real value of a potentially declining income stream.
4. Simplifying the Tax Act so that the majority of income earners do not have to file a return seems a desirable objective. The reason so many people use tax agents is that the Act is too complex and the threat of penalty too great. Remember, "Its our money Ralph". Most people are willing to pay a fair share, simplification will ensure that happens and leave more resources for pursuit of fraudulent and avoidance situations.

I hope these points reach some bodies desk. Best wishes in your endeavors,

Yours faithfully,

Geoff Hall.