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## Submission to Australia's future tax system

The tax system is onerous and unfair.

### ***Onerous***

When I graduated as a dentist in 1980 my tax compliance effort consisted of going to the accountant once a year with a box of records, bank statement and cheque stubs. I would go back 2 weeks later write one cheque to the tax office and I was done for the year. I was able to do the day-to-day book work myself. The compliance cost to me was approximately  $\frac{1}{2}$  of 1 day's turnover from my practice.

Today, 29 years later, I no longer understand the system and am unable to do my own bookwork (although perhaps I could if I took night courses). I am forced to employ a trained bookkeeper 1 day a month and I report to the government multiple times a year. The cost has swelled to more than 2 days turnover from my business which is over 4 times the cost when I graduated. This extra cost produces nothing at all that is useful to me and is a pure compliance cost.

### ***Unfair***

The tax system penalises good attributes. For example, if you are industrious and employ people you pay more tax. I like to think that I run my practice well and yet the better I run it the more I get taxed. Friends who practice near me take elaborate overseas trips ( $\frac{1}{2}$  funded by a tax refund because they go to seminar destinations) while I get to pay more tax because I stay at home and provide dental services to the community. This has a very strong demotivating effect.

In these perilous economic times do we want taxes that demotivate industrious people and penalise employment?

### ***An alternative***

Of all taxes, the one people resent least is the rates. You pay for services you receive in proportion to the amount of services you use. People with a  $\frac{1}{2}$  acre in Canterbury get access to far more infrastructure and amenity than people on a  $\frac{1}{4}$  acre in Pakenham and hence pay more. Government should raise more revenues by a tax on the value of land. The advantages to this are that there are no compliance costs, you pay in proportion to the benefits you receive and there is no deadening effect on industriousness or employment.

In essence a shift from the current tax system to one based on taxing land values is a shift from taxing people for contributing to society to a tax system that taxes people for the benefits they take from society.

I commend this concept for your consideration.

Sincerely,

Mark R Hassed