

Submission to the Australia's Future Tax System Review,  
AFTS Secretariat, The Treasury, Langton Crescent, PARKES, ACT, 2600.  
[AFTSubmissions@treasury.gov.au](mailto:AFTSubmissions@treasury.gov.au)

From: Loris Erik Kent Hemlof

[removed for privacy reasons]

2008 December 30.

My Model Tax System;

#### **THE DEPARTMENT OF TREASURY TAXATION.**

The maximum size of the tax code is thirty pages.

Collected by parliament approved Private Company For Tax Collection paid .002 of revenue collected.

[ NO PROFIT TAX. NO INCOME TAX ]

#### **GOODS AND SERVICES CONSUMPTION SALES TAX.**

Collected by ; The Australian citizen seller for products sold from Australia.

**30% GST** paid on the pretax price of final consumption, goods, and services, where sold by suppliers located within Australian borders.

Paid by non exempt consumer purchasers on Communication services, Water rates, Power rates, Food, Postal services, Phones, Appliances, White-goods, Furniture, Transport, and all other transportable goods and services.

Transactions are deemed to be for consumption except where purchased with an exempt purchasers transaction card, or where an exempt product.

**30% GST** on the pretax price of rent.

**30% GST** on the pretax price of established housing and other second hand assets over 10 years old.

**0% GST** on all Farming land, Dwelling of factory subdivisions, New housing and other new fixed

assets less than 10 year old, Hardware, Home construction and repair services such as construction equipment hire, Connection to water, electricity, gas, and fixed line telecommunications, Built in furniture, Medical treatments approved by the Private Company For Medical Services Commission, including complimentary medicines and nutrient supplements as determined by the Private Company For Food Research, Also small businesses, foreign businesses, listed company shares, Listed managed investments units, Registered charity, Transactions to foreign entity, Registered political party, charity, culture funds, television funds, and private police agencies, Exports from Australia, Donations to, registered political party, charity, and media funds, Movement between similar deposits.

0% GST on all purchases purchased with a tax exempt transaction card, as issued to; Small businesses, Foreign businesses, Listed companies and managed investments, Registered charity, Foreign citizens residing outside of Australia, Registered political party, charity, culture funds, television funds, and private police agencies.

Price labels within Australia must display the cost with and without consumption tax.

All enterprises must have cash registers to enter proof of exemption or otherwise record transactions required to pay consumption tax and the amount payable.

Eftpos and portable stored value chip card reader must automatically register exemptions or charge consumption tax on accounts of tax paying purchasers or purchases.

This tax must go to Treasury with the consumption transaction.

Revenue = \$150billion

[GST revenue in 05/06 was about \$36.7billion at a 10 percent rate. So on sales of about \$400 billion. The eliminated income tax tax earning deterrent affect offset by higher spending because of simplified taxes. A 30 percent GST x \$400 billion equals \$120 billion revenue. Plus second hand housing sales tax of 30% on \$150billion [ \$209billion sales of units and houses in 06/07, 85% second hand ] equals about \$30billion. So GST revenue of \$150billion. ]

LEVIES ON PAYROLL. [ NO INCOME TAX. If we are going to tax income at a flat rate we would be better off taxing payroll for convenience and simplicity. If we are going to tax payroll for child care and education we would be better off having a levy on payroll for industry provision of scholarships geared to industry requirements. ]

**30% LEVY ON PAYROLL FOR SCHOLARSHIPS FOR CHILDREN** to the end of the year turning 19 with private education providers.

Scholarships provided on the basis of merit not need by private companies from levies on payroll. The maximum value of scholarships per citizen is \$30,000 per year. [ To spread scholarships around ]

Kept in trust with the employer payers choice of Private Company For Scholarship Management paid 5%, for scholarship management;

For course component integration, student entrance examination, course and course provider approval, provider accreditation, payment of scholarship, and advertising of scholarships.

Also for educational television programming, child care, education, student fitness, school sport, and student board,- catering, accommodation, uniforms, linen, catering, transport, and medical services for students.

Also for library of training technical books, journals and multi media and related assets to be held at the place of employment or school or university vocational education providers location.

Education contract breakable at any time by either party.

Scholarships count as zero income in terms of the minimum wage.

If for all of about 5,000,000 children from the year turning 0 to 19, x \$15,000 per child per year = \$75billion. Payroll of \$300billion [\$284 billion in 05 ] x 30% levy = \$90 billion.

With theater television for each class room and wireless touchscreen interactive e-book tablet computer for each student for interactive testing of each students answers every 5 minutes to verify attention and payment of student allowance if aged 5 to 19.

**10% LEVY ON PAYROLL FOR PRIVATE COMMUNITY SERVICE SPONSORSHIP.**

Kept in trust by the employers choice of Private Company For Community Service Management paid 5%.

May be used to pay for the payers choice of warranty repairs, free to air media,- television, radio, commercials, datacast e-books, promotions,- on signs, on clothing, on equipment, on packaging, audio up to 10% of the time, and/or banner ads taking up to 20% of the screen, and services public domain research including political policy, political parties, public security, police, emergency services, fire fighting units, scouts, tourism, hospitality, recreation, sport, fitness,

medical services, aged care, transport, roads, rail, ports, water, electricity, communications, other community infrastructure, entertainment, sport, nature conservation, open range wildlife sanctuary, zoos, parks, botanic gardens, animal welfare, welfare, recycling, and aid.

For employees, the business and/or the community.

Levy revenue = \$30billion.

[On Payroll of \$300billion [\$284 billion in 05 ] x 10% levy = \$30billion. ]

**10% LEVY ON PAYROLL FOR PRIVATE COMMUNITY HOUSING CHARITIES ASSETS AND CONSUMABLES.**

[On Payroll of \$300billion [\$284 billion in 05 ] x 10% levy = \$30billion. ]

**WEALTH LEVY; 90% of wealth over \$200,000 owned by a resident of Australia for over 10 years cumulative must be invested into Australian shares.**

Buildings less than 20 years old are deemed at 20% of their real value.

**2% COMPANY WEALTH TAX;** Shares are issued to the commonwealth of Australia in Australian share market listed companies to the value of 2% of the shares in a company per year.

[10 million households x \$400,000 average wealth x .5 not exempt = \$2trillion x .02] Revenue = \$40billion.

**NON CITIZENS RESIDENCY AND CITIZENSHIP FEE,-**

A residency fee of \$200 per week must be paid by each non citizen residing in Australia. [

1,000,000 non Australian citizen residents x \$200 x 52 weeks = \$10billion. ]

Paid in advance.

Revenue = \$20billion.

A citizenship fee of \$200,000 must be paid to obtain Australian citizenship.

Except children of citizens where Australian citizen ancestors has in Australia Assets worth + Earnings > \$1,000,000 in Australia.

[ \$200,000 x 100,000 new citizens ]

Revenue= \$20billion.

**50% REAL ESTATE INFLATION TAX;**

Paid on the sale of real estate at the rate of 50% of the increase in price over the cost.

Calculated separately for each property so not offset by other property owned.

Paid on the sale of farming land, subdivision lots, and constructions and other real estate including any fixed asset removed from the property over the cost.

Deducting the cost of land, land development, constructions, hardware and renovations put into the real estate including labor paid a maximum of \$100 per hour and not including normal regular cleaning.

Other objects such as minerals, art, managed investment units and shares are exempt from this real estate capital gains tax except.

Minerals in Australia are the property of the commonwealth of Australia and may be mined and sold by the land owner incurring a real estate capital gains tax on the sale of the resource minus any amount of minerals royalty paid.

[ 10,000,000 households x \$300,000 average house value = \$3 trillion in housing x .1 capital gain per year x .5 tax = \$150billion ]

Revenue = \$100billion.

RESERVE BANK issue of currency

.01% kept by the Private Company Reserve Bank For Running Costs.

Revenue = \$50billion.

FOREIGN CURRENCY, CURRENCY EXODUS, NON EXPORT ASSET EXODUS, AND INTERNATIONAL ASSET SWAP TAXES,

Currency exodus such as for the purchase of imports tax paid once for each import and collected and paid to treasury by the credit or debit card or other on-line payment {PayPal} operator.

Currency conversion and departure taxes are collected by the bank doing and ratifying the transaction.

Owners of physical cash movements must obtain a tax receipt copy for currency transactions which must be attached to the package, verified, and marked by customs on departure.

Electronic transactions deposits that have paid exodus tax are put into a separate foreign currency tax paid account or an overseas account.

Zero foreign currency tax on, Finance Liquidity Fund currency movements, Military pay.

All proceeds of the sale of exports from Australia must within 1 year of departure from Australia be converted to Australian currency and paid into an Australia based bank account.

\*Foreign currency conversion or swap tax;

On purchase of foreign currency with Australian currency within Australian borders.

50% x amount obtained as required by businesses such as to purchase foreign goods and services inputs, and by government such as information systems, foreign aid and defense purchases.

70% x amount obtained for individuals such as to buy imports direct so bypassing Australian consumption sales tax. [ 20% consumption sales tax is paid on consumption ]

\*Australian currency exodus tax ;

On Australian dollars leaving Australia.

50% tax x amount obtained as had by private businesses, and government including information systems, foreign aid and defense purchases.

70% x amount obtained for individuals such as to buy imports direct so bypassing Australian consumption sales tax.

\*International asset swap tax ;

On assets swaps across Australian borders.

50% tax as had by private businesses, and as done by the Australian government such as for aid and military activities.

70% as had by individuals obtaining assets direct so bypassing Australian consumption sales tax. Paid by the importer.

\*Australian asset exodus tax ;

On exodus of assets from Australia,

0% as done by the Australian government such as of aid and military activities, International transport companies with a transport visa,

50% x value below market price tax as had by private businesses,

70% x value below market price tax for any person/s taking assets out of Australia for free.

Paid on any asset going overseas for more than 1 year, except where sold to an entity overseas at market rates with proceeds repatriated to an Australia based bank account within 1 year of asset exodus.

[4 taxes working together to catch loopholes, to catch both Currency moved to foreign jurisdiction

for exchange, and Conversion to foreign currency for exodus. The result causing money flows to maintain the exchange rate for the Australian dollar.]

[Proceeds of exports pay zero currency departure tax, But with the proceeds of Australian exporters kept overseas, foreign currency taxes could be avoided by purchasing Australian goods and exporting them tax free, and then selling them to gain foreign currency to pay for import purchases avoiding these taxes. Those buying Australian exports pay zero currency departure tax because they buy Australian currency.]

[ Currency exodus tax revenue \$25trillion currency coming into or leaving Australia. Half going out = 12.5trillion. With .02 to continue then = 250 billion after aversion. [[imports of about = 150billion per year ] x .6 average tax rate = \$15billion.]

Revenue of \$150billion.

[Our trade minister has become complacent about our need as a country to run a trade surplus, he has become indulgent in drafting our trade policy by allowing in imports from low wage countries. As evident in our trade deficit. Counting second hand housing inflation Australian real wages have fallen 15% over the last 10 years to 2005, even after counting the one off deflationary impact of import tariff reductions. Tariff free imports are of benefit to third world zero minimum wage countries. It is worth us producing things for the domestic market even if we are not the cheapest.]

\*Exporters earn a 20% currency exodus tax credit for currency paid into an Australia based bank account from the sale of exports from Australia. [\$250 billion export revenue x .2 = \$50 billion]

Tax credits are held and paid out by the on-line payments operator or traded.

Net currency exodus tax revenue = \$75billion.

English speaking world free trade area,-

A free trade area free of all international trade and transaction taxes and tax credits for trade and transactions between Australia, New Zealand, The United Kingdom, Ireland, Canada, and The United States of America.

All sellers on the Internet of any non service physical product within the English speaking world free trade area must sell that product to all destinations within the English speaking world free trade area.

The country of origin within the English speaking world free trade area may only charge a maximum of \$7 per kilogram for postage to any destination in the English speaking world free trade area, With a cross subsidy from other postal services.

1% TRANSACTION TAX;

Where the transactions source or destination is in Australia.

Revenue \$30billion.

RECYCLING SALES LEVY.

Of .2 cent per gram [ \$2 per kg ] on all packaging sold over the weight of 500grams, excluding the weight of fuel, food, water and drinking liquids.

Plus \$1 on the provision of cans, containers, and plastic bags under the weight of 500 grams.

50% for payment of .1 cents per gram on packaging over 500grams, or 50cents to buy back containers, and plastic bags under the weight of 500 grams, or \$1 for 100grams of cigarette butt.

50% of the proceeds paid to the recycling business to collect sort and recycle or dispose of packaging.

DEATH AND GIFT DUTY;

Paid by all persons living in Australia more than any other place who has died and/or made a gift/s.

All debts must be repaid before paying out inheritances.

Private Company For Inheritance Agent is paid the first \$1,000 if the deceased estate plus 1% of the net value of the will after the benefactor repays benefactors debts.

A benefactor may not leave a net debt for inheritance unless the recipient accepts the debt along with net positive proceeds.

Each natural descendant such as child or grand child and the birth mother for each natural child had to the benefactor may receive through the life and death from the benefactor an equal portion of the decease's estate up to the value of \$200,000 per descendant.

All amounts given in excess of \$200,000 per natural descendant or partner of a child between the partner and the benefactor, plus \$10,000 to each other recipient up to a total of \$1,000,000 is paid as gift and death duty. [ \$20,000billion total private wealth in Australia ] [ \$400,000 average wealth

of people who have died each year x 250,000 = \$100billion private wealth given in each year ]

Revenue = \$50billion.

#### RESOURCE EXPORT ROYALTIES;

A royalty of \$50 per ton is paid on exports by the exporter as a resource export royalty. [ 2001-02 the weight of total exports from Australia moved by sea; 506 million tonnes ]

Revenue; \$20,000,000,000

#### RESOURCE EXTRACTION ROYALTIES;

A royalty of 20% of the refined value of minerals extracted from Australia is paid as resource extraction royalty. [ With \$115billion worth of minerals extracted from Australia in 2006/7 ]

Revenue \$20,000,000,000

#### COMBUSTION FUELS TAX;

A tax of \$1 per kilogram [ \$2,000 per ton] or if more per liter of combustion fuel to be burned in Australia. Paid by the supplier. [ With 20billion tonnes or kiloliter of fuel burned in Australia per year then ]

Revenue = \$20billion.

#### NUCLEAR FUELS EMISSION TAX;

A tax of \$10 per billion joules of uranium mined in Australia.

So with about 1000 Peta Joules [ 4,590,000,000,000,000 joules in 2006] of uranium mined each year.

Then revenue =\$10 billion.

Uranium sales require approval of the Prime Minister of Australia.

Simulated worlds economies pay tax to the government of the simulated world such as {Second Life}.

Real world Australian consumption tax is paid on deposits into Australian simulated worlds.

Currency may be issued and earned in simulated worlds subject to simulated world taxes.

Real world taxes are paid on sales of real world objects including if sold in a simulated world.

#### REVENUE, Rounded.

Consumption sales tax..... + \$110,000,000,000

Real Estate Capital Gains Tax..... + \$100,000,000,000

Currency exodus, Import, and Barter taxes. ....	+ \$75,000,000,000
Wealth tax.....	+ \$40,000,000,000
Reserve bank issue of currency.....	+ \$50,000,000,000
Transaction Tax.....	+ \$30,000,000,000
Death and Gift Duty.....	+ \$40,000,000,000
Resource export and extraction royalties.....	+ \$40,000,000,000
Combustion fuels tax.....	+ \$20,000,000,000
Residency and citizenship fees.....	+ \$20,000,000,000
Nuclear fuels tax.....	+ \$10,000,000,000
Payroll Tax.....	+ \$0
Fines.....	- + \$0
Previous years surplus after debt repayment.....	+ \$0
Tax revenue.....	= + \$535,000,000,000
<b>REVENUE REINVESTED</b>	
Proceeds from privatization.....	+ \$15,000,000,000
Phone system rates.....	+ \$ ?,000,000,000
Water rates.....	+ \$20,000,000,000
Electricity rates.....	+ \$22,500,000,000
Postal Service.....	+ \$ ?,000,000,000
National resource development fund revenue.....	+ \$ ?,000,000,000
National infrastructure sale and lease rates...	+ \$ ?,000,000,000
<b>PURCHASING, by department.</b>	
1 Social security.....	- \$ 110,000,000,000
2 Housing.....	- \$ 120,000,000,000
3 Industry.....	- \$ 47,000,000,000
4 Medical.....	- \$ 67,500,000,000
5 Innovation.....	- \$ 46,500,000,000
6 Fertility.....	- \$ 28,000,000,000
7 Communications infrastructure.....	- \$ 28,000,000,000

8 Child care and education..... - \$ 20,000,000,000  
 10 Transport..... - \$ 22,000,000,000  
 9 Administration..... - \$ 15,000,000,000  
 11 Lands..... - \$ 10,000,000,000  
 12 Justice..... - \$ 4,000,000,000  
 13 Border security..... - \$ 4,000,000,000  
 {Debt repayment..... - \$ 0}  
 Total spending..... = - \$ 512,000,000,000  
 Total revenue..... = + \$ 535,000,000,000  
 Surplus..... = + \$23,000,000,000

Surpluses revenue is used to pay back debt or withdrawn from circulation.

DEBT REDUCTION, Rounded to 3 digits.

Liabilities carried forward

Last years budget provisioning for debt..... = \$10,000,000,000  
 Last years national budget surplus..... = \$10,000,000,000  
 Current debt..... = \$0  
 Last years debt interest..... = \$0  
 Total..... = \$0

\*-Privatization. All privatizations are bid of investment in endowment fund, so zero revenue.

\*-Borrowing money for the national budget is banned.

\*-Default of oldest national debt above 20% of GDP.

BANKING.

All banking in Australia must be through Australian Reserve Bank compatible and accredited account system and cash terminals which must let any nations standard compatible transaction card to withdraw cash.

All deposits by Australian companies and citizens must be held withing a bank registered by the Reserve Bank of Australia, paying an interest rate for deposits equal to the inflation rate from profits.

Automatic teller machine owner may charge up to \$1.50 for each electronic transactions, plus

\$1.50 per transaction if accessing an account held by a bank other than the one providing the teller.

For human teller transactions the bank may charge up to \$3 per transaction, plus \$3 per transaction for to make a withdrawal of cash in another country in the local currency.

Deposits must be backed by cash.

Replacement currency may be obtained for currency damaged or destroyed.

Depositors money must be kept separate to the manager banks capital resources.

Banks may have deposits held by other banks.

The Reserve Bank Of Australia accredited banks may use deposits to buy any shares or any units in any assets worldwide but may not may lend amounts out.

Where depositor funds have been lost the bank may be liquidated to reconstitute deposits to a common level, then suppliers, lenders, and share holders may then be paid back to a common percentage.

Backed by the Private Company For Finance Liquidity Fund and the Reserve Bank issue of currency.

Deposits in an Australian bank account which has laid dormant for 20 years are paid to the commonwealth government consolidated revenue.

If the owner reactivates the account.

INTEREST RATES.

Deposit interest rates and wholesale money from the reserve bank interest rates are set as a percentage per year equivalent to the average housing price [ \$450,000 ] / average yearly income [ \$50,000 ] = 9%.

BANKRUPTCY Any person may clear all debts by the sale of all assets to pay off part of the debts and after doing 2 years in a Commonwealth of Australia labor prison.