

To: The Henry Review of taxation secretariat

Submission

Re: GST avoidance

I don't know if the Henry Review of taxation in Australia includes the GST but I think it should.

When the Howard Government introduced the GST, one of the reasons it gave for its introduction was that it would reduce the black economy. In my experience it does no such thing. Rorting in this area is rife.

Whenever I seek quotes from tradesmen/contractors/providers of services to do some work in and around my home, I find that the provider of the service is almost always ready to do the job without paperwork. The contractor will claim that the cost can be reduced if GST is not paid and that both parties will benefit.

This is not always the case. A year or two ago I got two quotes to lay a concrete slab for a single car garage/shed. The first concretor quoted a price orally which, it turned out, was \$300 dearer than the second quote, which included GST! There are two levels of this fraud, the blatant and the silent agreement.

Some actually ask for the payment to be made in cash and have no intention of providing a receipt. Examples of this type in my experience are the post hole digger, the bobcat man, and the chimney cleaner. Other service providers don't ask the customer to break the law but simply take the cash when it is offered to them. The piano tuner and the snake catcher are examples of this type.

Of course, the preparedness of service providers to rort the system puts the customer in an invidious and stressful position.

Yours sincerely
Des Lwory