

To the AFTS Secretariat,

The tax system is too complicated. It imposes huge costs in terms of compliance and enforcement. If it were shorter and easier to read and follow, the inefficiency burden on society would be greatly reduced. Below is my suggestion for a tax act that is 9 sections long. If you were to implement it you'd face huge opposition from accountants and lawyers (and probably from the ATO), but it would make the majority of Australians much better off. Furthermore the tax system is not the right mechanism for redistribution or creating incentives – it may be tempting to pursue such goals this way in the short term but in the long term the economic inefficiencies and complexities introduced are too great.

Sincerely,
Vashti Maher

[removed for privacy reasons]

Australian Taxation Act

1. This Act shall be called the Australian Taxation Act 2009
2. The purpose of this Act is to raise Australian Government taxation revenue in a simple, fair and rational way.
3. (a) Individuals and corporations shall be liable to pay tax on net income earned where
 - i. The income is earned from Australian sources
 - ii. The income is earned within Australia, or
 - iii. The individual or corporation is Australian and not permanently located in another countryExcept where an Australian treaty detailed in Appendix F provides for different treatment.
(b) Such tax shall be paid to the Australian Government in the manner required under applicable regulations.
4. Income means revenue that is earned whether as ordinary income or capital income, and whether in cash or in kind.
5. (a) Net income means taxable income less deductible expenses, where
 - i. Taxable income means income that is not exempt from taxation under this Act
 - ii. Deductible expenses means expenses incurred in the course of earning taxable income.(b) Deductible expenses include items in Appendix E1, they exclude items in Appendix E2 and items in Appendix E3 shall be deductible at different rates as set out in that
6. Tax shall be paid by individuals at rates set out in Appendix A
7. Tax shall be paid by corporations at rates set out in Appendix B
8. Such individuals or corporations listed in Appendix C shall be exempt from taxation
9. Such income sources listed in Appendix D shall be exempt from taxation.

Appendix A Individual tax rates

Appendix B Company tax rates

Appendix C Entities exempt from taxation (eg minors, not for profit agencies)

Appendix D Income exempt from taxation

Appendix E Deductible expenses

Appendix F Australian Tax Treaties