

Ken Henry Tax Review.

To Whom It May Concern.

The first problem with the tax system is its inequity. It should be obvious to anyone that a flat income tax (at least up to a "wealth" limit) is the most desirable arrangement after no income tax. However this would deny the politicians their constant meddling and vote buying.

The CEO wage blowout and subsequent financial meltdown of 08-08-08 goes to prove that the tax systems of today achieve little or nothing in regulating anything and can't be taken seriously except by the naive.

So putting this aside as an unavoidable evil of life, the next most grating aspect of the Australian tax "system" is that while it is all based on simple formulae, so far the recalcitrant ATO has not managed to get most of these formulae into a sensible computer program. Certainly they have made some slight progress with e-tax and GST, but even a laughably simple computer program devised last century would cope easily with the variables of the tax system and administer everyone's tax automatically, fairly and without bias, producing a complete and proper statement to look at on the internet. We can see the evidence of this technology plainly in various on-line banking systems, which put the ATO's efforts to shame.

So, I'm not sure why the ATO is still tormenting taxpayers with its antiquated paper based multi-departmental shambolic nightmare relic of a system, which should not even be called a system, since the ATO freely ad-libs on any matter it chooses, as the very recent legal case won by a student claiming book expenses against income goes to prove. In fact the constitution of Australia as you must know states that "The costs, charges and expenses incident to the collection, management, and receipt of the Consolidated Revenue Fund shall form the first charge thereon..." (Chapter IV - 81), suggesting that the entire arrangement of "self-assessment" is dodgy and unconstitutional, that there should be no "onus" on self-assessment, that tax accountancy services should be reimbursed fully by the ATO and that any penalties meted out by the ATO must presumably be fraudulent.

Even worse than that is the fact that any challenges by taxpayers are fought using the taxpayers' own money!

It's past time this bundle of apparent frauds, being perpetrated against the ordinary taxpayers and small businesses in blatant favour of the mega rich, was exposed and stamped out.

Is it the case that the tax "system" exists in the main part to serve the career needs of all of its administrators and custodians?

Australia will go broke if people can't do something useful!

The comments above relate to all tax including company tax, however my particular bugbear at this exact moment is the "PAYG" quarterly administration impost. For a sole trader earning less than \$75,000, the GST can be done annually, and the form can be lodged on the internet. Not so the PAYG activity statement which demands a quarterly stocktake and posted forms entrusted to the vagaries of "Australia Post".

Since when is it my business to guarantee the service of Australia Post, let alone do all the stocktaking demanded by the ATO.

Once a year should be enough unpaid work for a tax bill of only around \$10,000.

In the case of my sole trader activities I have informed the ATO that the business ceased in that form in 2008, however, PAYG administration apparently cannot be stopped until around Christmas 2010!!! Even then I understand that having a very small amount of bank interest will qualify me as unable to get off the system.

Using simple logic, bank interest up to the inflation rate should not even be counted as "taxable income" anyway!

Not only am I taxed on my losses to inflation, I am expected to work out and submit forms, possibly for the next 25 years!

Anonymous