

Dear Sir/Madam,

I would like to make a short submission to the Australian Government's review of the tax system. Specifically I would like the relevant authorities to consider a tax break for the long-term unemployed. The reasons for this are as follows:

- 1- It is disheartening to know that most long term unemployed cannot readily obtain full time employment.
- 2- The first foray into employment by the long term unemployed is usually casual or temporary employment.
- 3- Whilst casually or temporarily employed, people must report their income to Centerlink.
- 4- Centerlink then assesses the level of benefits to be paid.
- 5- Some long term unemployed find that, after tax is paid on their salary, their income is only marginally better than if living solely on Centerlink benefits.
- 6- This procedure assures that the unemployed get a reasonable amount of money to live on but does not instil any sense of security, independence or pride on those who are genuine about finding employment.
- 7- From Centerlink's perspective, this procedure must be expensive to administer.

I therefore suggest that any long term unemployed who finds work should not have to pay income tax for a period of 12 months. By not paying income tax, those who find employment will have to make less contact with Centerlink on the basis that their income threshold would be more easily reached. This will not only result in administrative savings for Centerlink but also it will help the long term unemployed gain the sense of pride and independence that comes with holding a job for any reasonable period of time. To avoid abuses of the tax break this opportunity should be available only to the long term unemployed and applicants should be allowed to access this opportunity once.

I do not anticipate that the cost of this tax break will be a lot higher than what is currently being paid in benefits by Centerlink to the target group. I also think that this tax break is consistent with the current federal government review of the system because the policy can be transferable to other target groups in similar situations (ie. Full time students after they complete their studies) lowering the costs of administration and compliance easier.

Kind regards,

Vladimir Pacheco