

## Australia's Future Tax System

### **A recommendation for change to the current Australian Taxation System.**

#### **The Debit Tax**

A simple, 1% tax on all withdrawals from any bank or credit union in Australia. *No other taxes.* No income tax, no tax on deposits or savings and no capital gains tax. The tax is instantaneous and goes straight to the Treasury Department. It would eliminate our current requirement to complete a tax return every year. It would reduce the Australian Taxation Departments expenditure of over \$1.6 billion every year.

The current 2008-2009 budget estimate for tax is approximately \$300 Billion dollars. There are at least \$140 billion worth of withdrawals made every working day in Australia. Using only working days for a calculation at 250 days per year multiplied by 1% of 140 billion per day, it would give the Australian Government approximately \$350 billion dollars per annum. This conservative figure, (because we are only using withdrawals made on *working days*) would give us at least another \$50 billion per year. There would of course have to be allowances made for government institutions but we would still be ahead of our current system.

If we added another 1% to make a total tax of 2% on all withdrawals we could eliminate all state taxes, council rates and even GST. Besides the monetary savings, there would be enormous savings in time, by eliminating endless hours of paperwork and frustration that has forced thousands of businesses every year to close. This Australian Government announced review, of Australia's tax system, has called for the review to encompass Australian Government and State taxes, except *the GST*, and interactions with the transfer system. I would call on the Australian Government to include the GST in this review as its removal could free up our economy dramatically. (Our constitution is clear that a tax shall not exist upon another tax, so how has this GST been able to be implemented?)

According to our Bureau of Statistics, the average Australian income is \$59,000.00. Under our current taxation system, that income would attract \$12,300.00 in income tax, plus the Medicare levy and then attract GST on purchases made with the net income. Paying tax on another tax. A 1% Debit Tax would mean the average income earner on \$59,000.00 per year would pay just \$590.00 annually in tax, a 2% tax would mean that income earner would pay \$1,180.00 total tax for the year and still be \$213.00 per week better off.

Currently employees and small businesses pay approximately 80% of all taxes collected in Australia. Large companies pay approximately 20% and some multinational, foreign owned companies pay almost no tax. These are only estimates, but whatever the actual figures, with a debit tax we would all pay our fair share. Average wage earners would have more to spend on goods and services that would cost less, because all the other taxes would have been removed. More tax would be collected from those currently avoiding it, which would mean more funds available for:-

The looming problem of paying pensions from funds that will not be there.

Improving our ailing hospital system, allowing better medical care for all Australians, not just those who can afford it.

Our education system, police, child care, alternative energy research and the list goes on.

A Debit Tax System would provide a strong base for social expenditure; it would encourage people to expand their businesses. It would promote growth in our manufacturing and rural industries and slow growing unemployment due to businesses moving their manufacturing overseas. It would allow Australians to reduce their ever increasing household debt, increase real wealth, reduce inflation and improve the standard of living in the country which has slowly been eroded over the last century.

A view held by many Australians is that this simple Debit Tax system is genuinely worth consideration. If it can't work then I think the Australian people at least deserve a genuine explanation as to why not. It would have to be an improvement on the current, horrendously overcomplicated, bureaucratic system. The only problems I can foresee are that there will be so much money available to the government, that we would need a very transparent record system, available to all Australians to avoid misappropriation of funds and that that the money would have to be watched to avoid it becoming inflationary which may defeat the purpose of this system.

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