

ATHEIST FOUNDATION OF AUSTRALIA INC

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Response to the Hon Wayne Swan's Press Release number 36 regarding Australia's future tax system.

Edited quotes from the press release: -

- * "The Rudd Government will conduct a comprehensive review of Australia's tax system to create a tax structure that ...reflects the realities of the 21st century...."
- * "...Australia's hard working taxpayers are entitled to a tax system that is as fair and efficient as possible and this review will help to achieve that goal."
- * "...Raising revenue should be done so as toprovide equity..."

While the Atheist Foundation of Australia does not have the expertise to comment on the efficiency of any proposed tax regime, we are aware of some of the 'realities' of the 21st century and able to comment on the fairness or otherwise of proposals.

1. The reality:

- Section 116 of the Australian constitution reads: "*The Commonwealth shall not make any law for establishing any religion or for imposing any religious observation.*" This does not refer directly to taxation, but the intention is clear – it was intended that Australia should be a secular state.
- Most Australians are more or less secular in outlook and not actively religious.

2. Fairness:

- Fairness demands that no individual or group is granted tax exemptions at the expense of other taxpayers. The only fair system is one in which everyone shoulders the burden of taxation.

3. Equity:

- Equity requires that no individual or organisation, business enterprise or social club is given an unfair advantage. At the moment, religious practitioners, religions and religious enterprises are not required to pay income or land tax. This fails any reasonable test of equity and fairness, and by favouring, and therefore encouraging religion, makes a mockery of the notion that Australia is a secular state.

As Mr. Justice Murphy of the High court of Australia noted more than 20 years ago in the case of *Church of the New Faith versus Commissioner of Payroll Tax (Vict.) 1983 154CLR120*: "..... ***The crushing burden of taxation is heavier because of exemptions in favour of religious institutions, many of which have enormous and increasing wealth.***"

4. The review panel:

- Given the fact that religions are so favourably treated by taxation laws, it would be unethical for Mr. Greg Smith of the *Australian Catholic University* to have any part in the review of taxation. His conflict of interest is so enormous that for the process to have credibility, he must either resign or be asked to step down from the review panel.

5. Discussion:

- Everyone has the right to choose to participate in religious activities. Many people derive benefit from the social and mental support offered by religion and church attendance. However, attending church is one of the least popular activities indulged in by Australians. Hundreds of other more popular activities and clubs offer similar services to their members. The RSL, CWA, Theatrical societies, spiritualist societies, sports clubs, literary groups, bridge and chess clubs, hang-gliding groups, model aeroplane clubs, philatelist associations... are all pleasant, socially beneficial activities that make people feel happy and worthy in exactly the same way as religion can for some people.
- The time has long gone when religion can rationally expect special treatment. None of the supernatural claims made by religions are tenable because no evidence has ever been provided to prove the existence of any of the thousands of gods religionists have chosen to worship.
- Most importantly, none of the claims made by any religion to moral and ethical superiority can be substantiated.
- The reality is, religion in 2008 is simply another club, valued by its adherents, but of no intrinsic value to society. Indeed, it is all too easy to demonstrate that religion is frequently socially divisive.
- Religion has used its 'special status' to demand a say in the governing of Australia. There is no valid reason for this to continue. Historical precedent is no basis for decisions in Australia today with our multitude of ethnic groups, plethora of religions, and burgeoning number of secular citizens. To favour one group over the other is not only unfair, it is a recipe for social division and civic unrest.
- The non-profit activities of religious institutions should, of course, remain exempt from taxation as in Section 50 of the Income Tax Assessment Act 1997, as long as they can be demonstrated to be charitable organisations, or scientific and public educational institutions. Such exempted religious activity must be accountable. The present taxation system apparently assumes that all religious activities fall into those categories, but this is not the case. There is no reason for secular Australians to subsidize the vast business enterprises, clubhouses and churches of the non-secular minority.
- Commercial enterprises run by religious organisations have an unfair advantage over their secular competitors. No one knows how much tax religious enterprises are avoiding, but it must be in the billions of dollars because organized religions are extremely wealthy. The 2005 profit for the Catholic Church was reported at eight billion dollars; the Anglicans and Uniting around two billion, and the other sects and religions are catching up fast. *The Seventh Day Adventist Sanitarium Food Company* is a glaring example of a religious business with tax-free-enabled lower overheads that enables it to undercut competitors and gain an unfair trading advantage. If the government's intention is to create a fair taxation system, such rorts must be stopped.
- As for personal tax; exemptions on fringe benefits allow religions to pay minimum wages to employees, compensating them with generous tax-free perks. In the case of religious practitioners, some salaries consist solely of tax-free fringe benefits, thus guaranteeing access for the recipients to otherwise unavailable social security benefits as well! In other words, the present taxation regime is encouraging social security fraud.

6. Conclusion:

- If the government really believes that religion and state should be separate, and is genuine in its desire for a fair, equitable taxation system, now is the time to do away with all unfair, discriminatory tax concessions for religious institutions.