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AFTS Secretariat  
The Treasury  
Laughan Cres  
PARKES ACT 2600

Dear Sir.

RE: Taxation Review Submission

#### GENERAL OVERVIEW COMMENT

After considering many issues, it is imperative that any review of the taxation system must include reference to the basics of effective taxation: **SIMPLICITY**, **TRANSPARENCY**, **LOW COLLECTION COSTS** and **EFFICIENCY**.

When one attempts to consider an approach to making a submission, the sheer magnitude of the task of simply listing the known direct and indirect taxes is not possible for the average taxpayer. Our system has developed in such an ad hoc manner, that the rationale for applying many taxes is hard to understand.

It is now time to give effect to a system that incorporates the following features:

The number of taxes must be substantially reduced.

Simplification of compliance and collection is essential.

Emphasis on using taxation for positive incentives rather than as a penalty is a priority.

The current system has too many taxes on taxes with the multiplier effects impossible to fathom and must be substantially modified.

Taxes applied by the three tiers of government should be standardized throughout Australia. National companies and individuals could then make better choices about location.

All taxes should be **CAPPED** to increase at no more than the **C.P.I** or some pre-determined index.

Any over payment of tax should attract interest the same as tax in arrears.

The introduction of carbon taxes should be scrapped. The provision of carbon reduction incentives is more important than paying for the right to pollute which is what a carbon tax does. More consideration should be made for the time it takes to adjust to taxation changes. Companies cannot hope to have new and more efficient plant operational by the time carbon taxes are introduced so they will be hit with increased taxes and penalties at the very time that they are being asked to invest more in cleaner technology.

Taxes collected must be spent in the most efficient manner.

Some tax change suggestions:

One small example of using taxation to provide positive incentives would be to eliminate luxury vehicle taxes altogether. Provide for a tax based on fuel consumption and emissions, giving nil or low tax for the best performers. High fuel consuming luxury vehicles will still consume extra fuel and create extra pollution regardless of a luxury tax AND they will remain on our roads for decades, eventually being purchased by low income earners. We would be doing a lot more for the environment if we encouraged luxury vehicle buyers to buy fuel efficient vehicles rather than simply taxing them for the right to pollute and consume.

Most taxpayers resent paying taxes because they see it as a compulsory purchase of goods and services that are delivered in a most inefficient manner. Not only is there the obvious self-indulgent waste attributed to entrenched public sector practices, there is waste associated with idealistic political agendas, broken down health and road systems and inane performances within the defence department with respect to purchasing.

To effectively reform the taxation system, consideration must be given to both the collection AND the expenditure.

The taxes applied must be FAIR. One can only wonder at the way consumption taxes are applied to things like fuel. As the world prices rise, so does the excise and the G.S.T., on the excise. Does this result any increase in value for the consumer? The practice is very inflationary and causes undue stress on family budgets. Fuel excise must be limited to the general C.P.I. this will still mean that spiraling fuel costs will lead to an increase in excise collection but it will mean that the excise increase won't double as fuel prices double. Of all the unfair taxes, fuel excise is the most easily remedied.

Thank you.



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