

SUBMISSION TO TAX COMMITTEE.

The overall tax environment is too complicated making it too easy to avoid tax.

Company Tax.

Why not make company tax payable on gross margin. I am sure a system could be developed to accommodate all types of business. Many of the problems associated with evasion relate to the numerous claims for expenses. My proposal would favour the more efficient companies. The tax rate would then be very low which should silence the companies' execs who are forever whingeing.

When the Govt. passes new taxation laws it should be emphasised that the overall spirit of the law is to be followed. The Govt should retain the power to backdate the law for a period of say 10 years. The money spent by companies circumventing the law will be useful in redrafting the bill. Thus the Govt. is able to pick the brains of these highly paid accountants for free instead of trying to outwit them. Retrospective laws are not new they have been used by Govt. when it suits them. Companies will soon stop this wasteful expenditure and spend the money on bettering their bottom line.

The huge revenue from advertising and sponsorship is causing many problems (Read Al Gore's book 'The Assault of Reason') including a skew of wealth distribution. Companies are unable to specify how advertising and sponsorship better their bottom line. I do not see why these items are claimable as a tax deduction. (I can see why Govt are afraid not to include it because of the power of the media, again, see Gore's book.). If advertising and sponsorship. is effective why do firms cut down on it when times are hard e.g. now. To allow

these claims means the Govt is currently helping to pay the overblown salaries of sporting and other personalities as well as advertising executives.

The current repetitive bust we are having also highlights yet again the incompetence of the accounting profession. Why were the problems associated with the failing companies not spotted before it was too late? Where were ASIC and ACCC when they were so badly needed. The problem shows a that the new accounting system IFRS has as many failings as the old system. If even accountants and auditors are unable to unravel a company's accounts how can a retail investor do so. This does not absolve the A/C profession as they had a far too large say in producing the new system.

Personal Income Tax.

The bulk of the Australian people have no option but to pay this tax. Those with wealth have the means to employ accountants to enable them to evade paying their due. Schemes designed to evade tax should be banned. (See above for a simple way to do this.) Becoming a business is a passport to allow numerous deductions not available to the individual. Taxing on gross margins (See above) will alleviate most of these problems.

Why is an individual not able to claim travel to and from work as an

expense? If you cannot get to work you cannot work. To simplify it and to be green, why not pay a flat refund of say \$2000 pa. to people not using a car and \$600 for those using a car.

GST

Tax has to be progressive. Despite the claim that the GST is universal the bulk of transactions in money terms is GST free eg. sales of shares. property and bank transactions etc. This is grossly unfair and makes the tax regressive which should be anathema to any party claiming to be for the majority. This tax should be abolished.

CGT

Why is a residence exempt from this tax. People are retiring and putting their capital into a huge residence (Not green) and then claiming the pension. The home should also be counted as an asset in determining eligibility for the pension. These proposals are green and also will help in containing the ongoing problem of rising house prices thus enabling more people to own their own home.

In general pay little attention to the ranting of the Business Council of Aust. and other company organisations. They, through the companies under their aegis periodically lead us to major disasters such as the current one and show little competence in managing their affairs let alone the Nation's. They are too blatantly biased.

Good luck in your unenviable task.

Regards

Frank Ashcroft.