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Subject: Australia's future tax system

Preamble

Company tax has been set by government at a fixed rate of 30%. This does not allow for any variation for companies that use a monopoly or near-monopoly position to exploit their position and charge higher prices than a free market would allow. It is important that government is seen to share in any profits from price gouging.

Proposal

It is proposed that the company tax rate for a particular company be increased if the company's EBIT for the reported financial year exceeds the EBIT for the previous financial year by more than the official rate of inflation. The excess percentage would be applied to increase the tax rate for that organisation for the reported financial year.

Comments

Tax rates and increments are a direct responsibility of government. It has been determined that personal income tax should be applied at higher rates for higher incomes. It is only fair that a similar principle should be applied to business. The above proposal sets higher tax rates for exorbitant profits.

There is nothing to prevent government using EBIT as a mechanism to determine subsidies (or lower tax rates) for companies that under-perform because of government policies or actions.

Contributed by:

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