

Review of Australia's tax system

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Australia's Treasurer has just announced what will *supposedly* be the most comprehensive examination of Australia's tax system in over 50 years. Specifically, the examination has been unveiled through the release of the Discussion Paper "Australia's Future Tax System" (AFTS).

Ambitions

Like other Governments before it, the Rudd Government has great expectations for the impact of the Review, hoping that the Review will modernise Australia's economy and assist in meeting future challenges.

In particular, the key challenges identified in the report include:

- climate change
- the ageing population
- new technologies and
- increased globalisation.

The measures discussed in the AFTS are designed to complement other Rudd Government reforms such as the Carbon Pollution Reduction Scheme and modernising the Federation through the Council of Australian Governments process.

Possible deliverables

The review will address Federal and State taxes, except the rate and base of the GST, and interactions with the transfer system, and will consider:

- the balance of taxes on work, investment and consumption and the role for environmental taxes;
- further enhancements to the tax and transfer system facing individuals, families and retirees;
- the taxation of savings, assets and investments, including the role and structure of company taxation;
- the taxation of consumption and property and other State taxes;
- simplifying the tax system, including the interactions between Federal, State and local government taxes; and
- the interrelationships between the elements of the tax system, as well as the proposed emission trading system.

The Review will also consider the adequacy of pensions and retirement incomes generally.

Making a contribution

To ensure the Review considers the widest range of views and information possible, the Review Panel is inviting submissions to the Review. Details can be found at www.taxreview.treasury.gov.au.

However, before making a contribution you should note the Review Panel will provide its final report to the Treasurer by the end of 2009.

Conclusion

Like all previous inquiries and reviews of Australia's tax system, it is critical that this new review consider as wide a cross section of viewpoints as possible. Much too often such reviews are held out to be consultative and broad-based, but end up being a platform for vested interest groups to voice their interests to the detriment of widespread involvement. One can only hope that this review is somewhat different to those many others that have come before this one in the last 50 years. As always though, this is only a hope, in practice, however, these reviews involve a range of paper shuffling, great cost to taxpayers, subsequently followed by incomprehensible tax legislation.