

A Fair Australia

Tax

Policy

ACTU CONGRESS 2003

1. Congress declares that the principal objectives of the Australian taxation system should be:
 - (a) equitable and progressive taxation of individuals and other entities, so as provide for fair redistribution of wealth and income;
 - (b) the collection of sufficient revenue to:
 - (i) fund the universal provision of high quality services, including health, education and social welfare, to the community, recognising that there are a number of areas in which governments are best placed to ensure adequate infrastructure and delivery; and
 - (ii) facilitate the assistance required to ensure equal opportunity for those who would otherwise suffer poverty and disadvantage; and
 - (c) the encouragement of socially, economically and environmentally useful investment and the discouragement of investment which is destructive and unproductive, recognising the need to strike an appropriate balance between competing objectives.
2. Congress notes the following features of the current tax system:
 - (a) Australia is amongst the lowest taxing nations in the OECD, with total tax revenue of just over 31% of GDP;
 - (b) Australia's tax base has declined relative to the OECD in the last 20 years;
 - (c) Australia taxes ordinary workers at around the OECD average, while taxing high income earners and companies at relatively low levels;

- (d) the personal income tax system, including the marginal rates structure, should be more progressive;
 - (e) dividend imputation, while encouraging investment in Australia, has created additional inequity; and
 - (f) there is wide scope for tax avoidance and evasion based on the use of trusts, interposed entities and the creation of artificial company structures.
3. The Federal Government has increased inequities in the taxation system, in particular through the introduction of the GST, the cutting of marginal tax rates at higher levels and the reduction of capital gains and company taxes.
4. In order to address these issues, Congress calls for a thorough review of the tax system to be conducted in a framework of the objectives set out above. In particular, Congress supports consideration of the following:
- (a) an approach to raising the living standards of the low paid which emphasises greater provision of better and higher quality public services together with redistributive revenue raising measures;
 - (b) a more progressive income tax;
 - (c) addressing the sometimes prohibitive effective marginal tax rate at the intersection between social security and the tax system through changes to the taxation system in order to assist low income households, but not as a substitute for fair minimum wages;
 - (d) a company tax regime which is consistent with income taxes and which provides for a minimum level of company tax;
 - (e) the abolition of the discretionary tax treatment of family trusts (and similar vehicles) with future tax to be applied consistent with general company taxation;
 - (f) the restoration of the previous capital gains tax for assets valued above \$1 million;
 - (g) the abolition of the private health insurance rebate, with the saved expenditure directed towards the Medicare system;
 - (h) the elimination of tax deductibility for any part of an annual salary which exceeds \$1 million per year, with FBT to apply to the issuing

of shares or options packages to employees for that part of their assessable value which exceeds \$1,000 per year;

- (i) the introduction of a wealth tax on high income individuals;
 - (j) increased focus and resources by the Tax Office to target phoenix company operators;
 - (k) a major commitment by the Tax Office and legislative change to reign in the large amounts of tax being lost to bogus self-employed contractor arrangements;
 - (l) using the tax system to encourage greater energy efficiency and long term sustainable energy programs; and
 - (m) the introduction of a small number of hypothecated tax levies.
5. The ACTU will campaign around these issues as appropriate, including through sponsoring a National Tax Policy Forum to stimulate widespread public debate.