

## Tax: Issues and Facts

### Quick Fact:

OECD data shows that Australia is a low tax country. The latest available figures (for 2000) show total tax revenue in Australia amounting to 31.5% of GDP. By comparison the OECD average is 37.2% of GDP, Canada has a total tax revenue equal to 38.7% of GDP, and Sweden has a total tax revenue equal to 52.2% of GDP

### Issues For Congress 2003

- The present tax system is *inequitable*. Low and middle-income workers pay too much tax while high-income earners access tax minimisation schemes to reduce their tax payments.
- All taxpayers with incomes around or below average earnings (around \$40,000 per annum in 2000) were left worse off under the GST package when allowance is made for bracket creep. The bottom two thirds of taxpayers received one eighth of the real GST income tax cuts.
- The Federal Government has reneged on its commitment to reform business taxes, including the tax treatment of discretionary trusts, the use of sham contractors and phoenix companies to avoid and evade tax, and the tax shelter strategies pursued by an identified group of high wealth individuals.
- Open ended tax concessions such as the Private Health Insurance Rebate suck public funds into private health insurance funds, draining resources from public hospitals and the public health system and undermining bulk-billing.
- The present company tax rate is 30%. Individual taxpayers pay this rate on incomes between \$21,600 and \$52,000 per year.

### ACTU Draft Policy

The ACTU calls for a thorough review of the tax system to consider

- 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
- a more progressive income tax;
- a company tax regime which is consistent with income taxes and which provides for a minimum level of company tax
- the abolition of the private health insurance rebate, with the saved expenditure directed towards the Medicare system

### More information on Tax is available on the ACTU Website

- a comprehensive Congress background paper and
- the full draft policy

[www.actu.asn.au/congress2003](http://www.actu.asn.au/congress2003)

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