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## Liberals' proposed tax changes would deliver big cuts to the rich, higher taxes for workers: unions

The Coalition's support for a flat tax system would result in the average Australian worker paying more income tax while high-income earners would pay less and would dramatically widen the gap between rich and poor, say unions.

The ACTU said Opposition Leader Tony Abbott's push for a two-tier tax system would see a millionaire pay \$15,300 a year less in tax, while the typical worker could pay up to \$184 a year more.

ACTU Secretary Jeff Lawrence said the Liberals are showing their true colours by supporting tax cuts for the rich while ordinary working families pay more.

"There is no case for more tax cuts for high income earners," Mr Lawrence said.

"Over the past decade, the tax system has become less progressive as high income earners have done very well out of tax cuts.

"If we are to have a debate about personal income tax, then the priority should be to ease the tax burden for low and middle income earners. Most importantly the tax trap that prevents low income earners from fully participating in the workforce needs to be reformed.

"Tony Abbott's proposal is a con. He says it will benefit workers and people on low incomes, but the main beneficiaries would in fact be the very wealthy."

Mr Abbott's proposal would increase taxes on the great bulk of workers who earn between \$35,000 and \$95,000, while providing tax cuts for high income earners. Someone on \$250,000 would pay \$4050 a year less, and someone earning \$500,000 would get a \$150 a week tax cut – or \$7800 a year.

But low paid workers in the range of \$25,000 to \$37,000 would incur a higher effective marginal tax rate, according to ACTU modelling.

"A progressive tax system is a fundamental expression of a fair and equal society," Mr Lawrence said. "The Liberals' support for a flat marginal income tax rate for 97% of taxpayers would lead to a more unequal Australia."

Mr Lawrence also cautioned against further cuts to company tax rates. He said the corporate tax rate would be cut to 29% as a result of the Minerals Resource Rent Tax reforms, and there was no credible evidence that Australia's company tax system was hindering competitiveness or foreign investment.

"Any changes to company taxes must not alter the overall proportion of all tax revenues paid by business," Mr Lawrence said.

"The Labor Government needs to reject these unfair and regressive tax reform proposals."

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