



Australian Council of Trade Unions

MEDIA RELEASE

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Ordinary taxpayers are footing extra tax bill for rich and wealthy, say unions

Tax rorts and loopholes that are available only to the rich and wealthy are costing ordinary taxpayers hundreds of millions of dollars a year and should be stopped, says the ACTU.

A national forum on taxation being held today (Tuesday) will hear calls from the ACTU for the Henry Tax Review to crack down on the abuse of private trusts and company structures by wealthy individuals to unfairly minimise their tax.

The ACTU says the abuse of trusts to shuffle and conceal incomes of the very rich could be costing the Australian community more than \$1 billion a year in lost tax revenue.

ACTU Secretary Jeff Lawrence said there were worrying signs that the Henry Review was preparing to recommend another cut to company tax, when income tax minimisation schemes by the wealthy were a growing problem.

The Australian Taxation Office was aware of this problem, with recent media reports that it will have an increased focus on trusts and partnerships in a crackdown on tax evasion.

"There is a double standard at play in the debate over Australia's future tax system," Mr Lawrence said.

"The top end of town is calling for cuts to Australia's already low company tax rate, yet is silent about the rort exploited by many wealthy individuals who use trusts and company structures to make the payment of income tax discretionary."

Trusts are used to churn income and hide the full extent of an individual's earnings, thus allowing them to minimise the tax they pay.

The use of trusts has grown considerably in recent years, and is estimated to deprive the community of more than \$1 billion in tax revenue every year.

"This is an option available only to the very wealthy, who are able to employ expensive accountants and financial wizards to minimise their tax," Mr Lawrence said.

"Working Australians do not have this option. This is a double-standard that is unfair and costing the community.

"It's time to end the rorts and make sure the rich and wealthy pay tax like everyone else."

Mr Lawrence said the business lobby had put forward a flimsy case for a cut to Australia's company tax rate.

"There is no evidence that our current 30% company tax rate is hindering Australia's competitiveness," he said. "Our present rate is not out of step with comparable countries. For example, it is lower than rates in the US, Japan, France, Canada, the same as Spain and Germany, and not significantly higher than the UK."

The ACTU is a co-founder of the Community Tax Forum, an independent coalition seeking greater fairness and efficiency in the tax system.

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