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We don't need a GST hike, we need a fairer tax system

The Government's focus on increasing GST unfairly targets middle and low income workers and families and will further entrench inequality within the Australian tax system.

If the Government is as genuine about tackling the tax system as it says it is then the reform must include current corporate tax minimization methods which cost the nation billions of dollars.

The Turnbull Government recently passed transparency measures allowing more than 700 private corporations to remain secretive about the amount of tax they pay despite one in five private companies with annual revenues of \$100 million paying no tax."

Focusing on the GST only serves to tip the scales further, increasing inequality, raising living costs for the lowest paid and letting wealthy corporations and individuals avoid paying their fair share of tax.

Examples of unfairness in the tax system:

ASX200 companies not paying enough company tax: The nominal corporate tax rate in Australia is 30%, but in reality the top companies rarely pay anywhere near that much. Estimates are that a fifth of Australia's largest companies paid literally nothing in corporate tax last year and a further third paid less than 10% of their income. If all the ASX200 companies paid the full rate of company tax, the Federal Budget could have an additional \$8.4 billion each year.

PRRT Tax revenue loss of \$5B per year: Australia's oil and gas industry have amassed more than \$156 billion in Petroleum rent resource Tax (PRRT) credits. Oil and gas exports are set to double in five years to become a \$59 billion industry. But due to these PRRT loopholes, this massive increase in profit will not result in any additional tax revenue being collected by the Government. In fact, in the last 10 years, the PRRT collected by the ATO has fallen from 24.2% of assessable revenue to less than 6%. If PRRT was collected now at the same rate as in 2003/04, the Government would have approximately \$5 billion more in revenue each year.

High income earners not paying their fair share: In 2011/12, there were 75 Australians who earned more than \$1 million and yet declared an average taxable income of only \$1.09 by taking advantage of complicated tax minimisation strategies. But by taking advantage of complicated tax minimisation strategies, they were able to declare an average taxable income of \$1.09 (one dollar and nine cents). And it's not just limited to income tax, high earners are disproportionately advantaged by other tax loopholes as well. For example:

- Half of all negative gearing tax breaks go to the top 20% of high income earners
- Almost 75% of Capital Gains Tax breaks go to the top 10% of income earners
- A third of Superannuation tax breaks go to the top 10% of income earners

Quotes attributable to Ged Kearney, ACTU president:

"A GST unfairly targets middle and low income families while corporations and those on million dollar incomes continue to avoid paying their fair share of tax or enjoy lucrative tax breaks."

"The Government is sending mixed messages; workers are being asked to pay more for goods and services while the wealthy are allowed to continue minimizing the tax they pay."

"There are many aspects of the tax system that should be looked at before we jump to a GST hike which as the ACOSS commissioned research demonstrates unfairly impacts those on lower wages."

"We need a broad approach to tax reform that ensures everyone pays their fair share, we don't need a GST hike, we need a fairer tax system."

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