

Thursday 26 November 2015

Families should not be punished while government ignores tax loopholes for the wealthy

Jay Weatherill's proposals for changes to GST and income tax today are just smoke and mirrors disguising the real priorities for a fair tax system that the federal government chooses to ignore – making the wealthiest and companies pay their fair share.

The Federal government has stripped \$80 billion from health and education, starving States of funds and forcing them to consider alternatives such as a hike in the GST which hits the lowest paid the hardest.

With wages growth at an all time low and government and big business gunning to reduce penalty rates, workers and families are again the losers.

One in five Australian owned private companies with an income over \$100 million paid no tax last year. This should be addressed as a priority, yet the Turnbull government favours legislation which would exempt Australian companies from disclosing their tax arrangements.

If the ASX200 companies paid their corporate tax, an additional \$8.4 billion revenue would be raised.

Secondly, the Turnbull government should commit to ensuring Australia's wealthy, those individuals earning over \$1 million a year, pay their full share of tax like everyone else. Generous superannuation tax concessions, negative gearing and capital gains concessions which benefit the top 20% of income earners cost a further \$14.7 billion in lost revenue.

GST is a regressive tax punishing low to middle income households who pay twice as much of their income on GST compared to higher income households. ACOSS modelling shows that the lowest income households pay GST worth 13.5% of their income. High income households pay only 5.9%.

ACOSS modelling also shows that increasing the current GST to 15% with a 5% cut to the personal income tax rate as compensation, would deliver no extra revenue for the government.

Quotes attribute to ACTU Secretary Dave Oliver:

"The old adage seems true – never get between a Premier and a bucket of money. Premier Weatherill is back flipping on previous commitments on raising GST. His proposals are not sustainable and prop up the vast tax inequalities that already exist. This Magic Pudding isn't going to keep giving. It will run out."

"Stagnant wages, tax loopholes and the Federal government starving the States are the problems that need to be fixed, not playing with a regressive tax that hits the lowest paid over and over again."

“We have to build our economy, not have a Band Aid approach. Governments must focus on jobs growth, investing in innovation and new technologies, infrastructure and export opportunities that will ensure strong wage growth and deliver higher revenue and a stronger economy.

ENDS

Media contact: 0418 793 885 or 0447 418 726