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Time for a simpler tax system

The [House Committee on Tax and Revenue](#) has today presented its report on taxpayer engagement with the tax system.

Presenting the report in the House of Representatives today, [Committee Chair Mr Jason Falinski MP](#) said that the Committee's 13 recommendations are aimed at making tax obligations in Australia easier to administer and easier for taxpayers to comply with.

"This inquiry involved a comprehensive assessment of the state of play of tax administration in Australia and in comparable nations overseas," Mr Falinski said.

"The Committee found that while the ATO's 'Reinvention' as a modern tax administration service is well underway, our complex tax system is throwing up some hurdles to full automation—as advanced in Sweden, the United Kingdom and closer to home New Zealand, where most taxpayers need only approve a prefilled form."

Reflecting back to the [2010 Review of Australia's Future Taxation System](#), the first recommendation calls for a complete review of the tax system by 2022, to achieve a system that responds to the rapidly evolving digital environment, and is both easier to enforce and understand.

To address more immediate needs, recommendations are also made to close up loopholes associated with high risk industries and the growth of the gig or sharing economy. These include, to:

- consider the introduction of an ABN withholding tax system at source, with potential for grading according to industry sector, akin to the system in New Zealand; and
- standardise our workplace expenses deductions scheme, as done in other comparable nations, to reduce the potential for error and misrepresentation.

The Committee has also called for greater responsiveness from the ATO to the needs of taxpayers and other stakeholders. This includes continued access to paper forms and information for those not technically enabled, implementing a service level agreement with all stakeholders affected by the agency's changing practices, and the clear articulation of the rights and obligations of both the ATO and taxpayers in a single cohesive and easily understood tax engagement framework.

Another recommendation is for more rigorous monitoring of outcomes of behavioural economics methods and tools to ensure taxpayer funds are well invested.

"Accountability is the key to confidence," Mr Falinski said.

"The recommendations made by the Committee in this report, if implemented, will provide greater certainty for business planning, increase taxpayer confidence in the ATOs' probity and efficiency, and reduce the potential for cash activity and tax avoidance."

The inquiry was referred to the Committee in December 2017. Copies of the report and information about the inquiry are available on [the Committee's website](#).

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