

Senate Economics References Committee

Structure and distributive effects of the Australian Taxation System

Submission No. 33

Submitter: Mr Alan Booth
1 Lomond Court
BURLEIGH WATERS QLD 4220

Telephone:

Facsimile:

EMAIL: Helan@austarnet.com.au

Attachments? Attachment included

Mr. A Booth
1 Lamond Court,
Berleigh Waters 214 4227 Australia
Email Helan@austormet.com.au

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*The Secretary,
Senate Economics Reference Committee,
Parliament House
Canberra ACT 2600*

Committee Members,

After thirty five years in Australia & only having been unemployed twice & resided in three states I believe it is time the taxation system of this country was brought into the twenty first century.

The present system with all it's hidden taxes were even your average CPA's & ATO agents can't even comprehend nor can they give you advice that is correct & if they give you a ruling they always say that there is nothing in writing as it could be change or not be right, hence the huge problems with a system becoming a dinosaur. ATO never take any responsibility for their rulings & you are often left wondering at the wisdom in keeping a system in its present state.

Although you also have to wonder at our politician who for many years have promised much & given nothing, our last politician has given us the GST but as the average man in the street will tell you it is becoming just as bad as everything else we have had to endure.

Our present government is the highest taxing government of all time & it is always the workers those that are honest people that bear the brunt of hidden taxes, & the over taxed .

I believe that it has to change if not this great country will go broke & become another Latin American or third world country. But the survivors will always be the politicians will be look after as they have made sure they will by giving themselves huge pay rises, over generous superannuation & they live with the knowledge that us worker will be looking after them for the rest of their lives.

There are many things that need addressing to get a fairer system.

1. All taxes on savings

The burden of being taxed on interest earned should be removed as this would encourage everyone to save thus giving the government better powers of spending. The government is always telling us to save but take any incentive what so ever to do it away but taxing the interest.

February 5, 2003

Page 2

2. *Hidden taxes such as excise on petrol, beer, cigarettes & Other like items that already have excise take & then are hit again with GST should be abolished as it show how the government is double dipping in the taxes. Also the twice yearly excise hike on these item should also be abolished.*
3. *It the government was concerned about the health aspect of Drinking & smoking then why doesn't the excise go straight to programs & the treatment of these problems instead of going into general revenue.*
4. *Superannuation. Why are we all being taken for a ride & Taxed up to 4 times on our savings before we can even access the funds. We know that the fund manages wether the are good or bad get good remuneration but by the time we are able to access the fund the majority of the funds have disappeared. Again if there were more tax concession on saving for our superannuation there would be less reliance on the government for retirees thus easing the burden on the Social Welfare system. The system should then look at the MP's supper funds & bring it more in line making it more equitable thus reducing the burden on the general public & not give the current perception of the them & us syndrome were by they get everything & your average general public get nothing & what little they do get has to be fort for. The over generous payment to MP's is seem as a hug burden on Mr & Mrs General Public when the MP's get very good wages & salaries huge allowances that are nine times out of ten rorted to enhance their nest eggs at our expense.*
5. *The tax free threshold must be increased to stop this bracket Creep & should be reviewed at least every 4 years & be increased if necessary. This bracket creep is also part of the reason why some will not work as the taxation burden is too great & it is easier to earn the dole than pay his or hers fair share in tax. MP's should not be able to review or set their own salaries & allowances but should be fought through arbitration like Mr & Mrs General Public.*
6. *Dividend on shares up to half the tax threshold should be non taxable this again will encourage people to save & invest in infrastructure. Although Telstra has been a dismal failure & cost Mr & Mrs General Public a great deal of there savings*

In conclusion the system that are in place now all need to be scraped & a simpler & more fairer system be devised so that we pay our taxes & get rewards for saving rather than be punished with more taxation

Yours faithfully

Alan Booth

February 5, 2003
Page 3

TAXATION would have to be the dirtiest word in the Australian language.

It doesn't matter what you do or how you do it everything is taxed not once but many times over & us ordinary hard working Australian are heartily sick of it & what makes it even worst is when you get some supercilious politician giving us the speal of how hard done by they are & with their over generous superannuation funds that we are ultimately paying for whilst our own is not even going to keep us above the poverty line.

On the whole most fair minded Australians want a fairer more equitable tax system were we can be assure that the funds are put the good use for services that we will all benefit from.

Why are we expected to put away for our retirement when the superannuation system is not fair nor is it equitable.

Why is it that the fund managers get there huge wages & bonuses whether they preform well or fail dismally like they have done so over the past 12 months, yet many of us are now further away from retirement than planned as the funds are to little for us to even exist on let alone live on. It has come to the stage with the supper funds that self funded retirees & service personal are greatly disadvantaged & the mentality that crepts into our thoughts, we would be better off on a government pension as at least the fund managers have not had their greedy moriers on our fund before we can even get access to it. It also fails in my thoughts as to why we have to pay tax our our super fund sometimes up to 4 times also before we get the funds.

Why are there no incentives for Australians to save, no wonder we have such a high Credit Card debit when every cent put away earns interest but then is taxed to the hilt. If Australians were to have incentives to save our country would be a lot more affluent & we would not be so strapped for cash in our hospitals etc. The monies save in us all being in a better state of health would boost this countries coffers no end & would then be directed into projects were by the greater amount of Australians would benefit more by the advance spending.

We are taxed on so many levels in this country many of us are driven to the black economy which in turn only helps a few rather than the greater amount of Australians. In this country there are only a few basis food stuff which are not taxed but every thing else is taxed from the local governments to the very top. What makes this so unfair is that Australians are expected to contribute to good health & welfare of redundant & ex prime ministers for the rest of there lives with first class air fares around the world etc when many of us will not travel overseas let alone travel 1st class & if were are lucky enough to be able to travel it would only be economy class as we don't have the funds for the upper end, as it has been taken from us in the many forms of taxation lumped on it before we can access it.

Small business are another area where taxation is a huge burden, especially with the ATO enforcing them to do their work for them with no recognition or pay for the many hours extra work required to do the BAS. there is no thanks only the threat of being audited by the ATO if we fail to do there work for them. The huge burden of being unpaid tax collector is more than some businesses cant afford & we have seen a steady flow of small businesses go to the wall due to the over burdening by the ATO. The constant rising of supper fund payments for staff is a burden many small place can ill afford.but to not comply makes the tax burden a further nightmare. Many small businesses which is the backbone of the nation in regard to employment are hurting with the tax burden & little or nothing is being done to help. Yet in one instance when you can show the taxation dept that they have a problem with the BAS. & go to great lengths to show them the errors you are then audited & threatened by then so that you will not go to the press to show them up. Even the local members are near on useless as they have even less knowledge of the system than the average businessman or women. It come back to the old saying "do as I say & not as I do" one wonders if it is not the motto for the ATO. They have be come such a huge over paid ill informed[meaning that they are unable to give you correct answers as the laws,the laws are so complex & there are so many of then none of the departments employees are able give answers to question competently. They will give you a answers but is you accept it & it proves to be wrong you are deem wrong & if you tell then that is what you have been told they always have an answers that suit then & once again you are back at scratch & paying even more tax.] department.

The system needs to be totally scrapped & then a new one put in place so we can all pay our fair share of tax without the over burdening we have now. So much for Johnny Howard telling us that the GST was going to fix up the old system he has succeeded in making the system worse. Don't the politicians ever get sick of lying to the Australian public? When it comes to taxation you sure as hell wouldn't think so.

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The taxation system for the average PAYG stinks, the tax scales leave a lot to be desired & this bracket creep is also a disincentive to work & work overtime as the tax on overtime is excessive but any monies we are able to earn is taxed then if we want to save it it is taxed on going to an account the interest earned is taxed & then it is taxed when we spend it & then the banks also want their cut in fees & charges. So I ask you again why are there no tax concessions on saving?

Why are there no every day Australians asked for there opinions on the Taxation system it seems that we are treated like mushrooms & that were they think we are fools but there will come a time when the average Australian will say no more & up & leave to a country that will give us incentives for our savings & hard work.

Yours faithfully
Mrs H.Booth

H.Booth

*1 Hammond Court
Bursleigh Waters Qld 4220.
0418 744 150.*

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