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To: The Committee Secretary
Senate Legal and Constitutional References Committee
Parliament House
Canberra ACT 2600
Australia

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- 3 MAY 2004

Dear Committee Members,

Re: Inquiry into Australian Expatriates

I would like to raise a number of issues for your consideration. I apologise for the lateness of this submission as I only discovered that this enquiry was taking place a couple of days ago. I beg your understanding and urge you to consider the points I have raised.

My points are listed here and I cover these one by one on the following pages.

1. Australians working in Australia but living outside Australia are disadvantaged financially.
2. Lack of clarity as to what an Australian resident is.
3. Payment for embassy services can be very awkward.

Thanks for your service to the Australian public and I wish you well with your enquiry.

Kindest regards

DAVID CAMPBELL

1. Australians working in Australia but living outside Australia are disadvantaged financially.

With the advent of computer and the internet, it is now possible to have a job in Australia, pay tax in Australia, and live offshore, within some constraints due to the requirement to maintain what is called "Australian residence", a term which is very ill-defined and is addressed in another one of my points in this submission.

I want to comment that such people are disadvantaged financially in these ways:

A. They have to pay the Medicare surcharge but cannot make use of Medicare services.

B. They have to pay the same tax rate as everybody else in Australia but are disadvantaged by substantially reduced eligibility to various "rebates" such as family allowance and Centrelink services such as carer allowance (unless you are an employee of the Australian government and you are working for an Australian foreign mission).

In a corresponding way, there seem to be discrepancies between how the government departments regard a person working outside the country:

A. The tax office likes to regard you as a resident if your eventual intention is to return to Australia and wants you to pay tax.

B. Centrelink regards you as a non-resident and won't pay benefits (unless you are an employee of the Australian government and you are working for an Australian foreign mission).

There seems to be unfairness here:

A. Taxes are paid and yet benefits due other Australians are reduced or not available.

B. The special status of Australians working for foreign missions seems unfair and discriminatory.

It becomes attractive to such people to pay tax elsewhere.

Questions:

Why do Australian government departments treat such a person differently?
Why not make it attractive to people employed in Australia but living overseas to pay tax in Australia, where people are familiar with the language and processes for paying taxes. It also would mean more income for the Australian government.

2. The Australian laws are very unclear when it comes to what an Australian resident is.

It is important to know whether a person is considered to be an Australian resident because if they are a resident, they normally have a tax obligation to Australia. But even the Australian Tax Office doesn't know how to interpret the laws when it comes to living and working outside Australia for certain periods of time. The way they deal with this is to offer to make "private binding rulings" - a personal binding law interpretation.

I know for sure that people in identical circumstances have had private binding rulings issued that interpret the laws in opposite ways, and this seems absurd.

Question:

Why not make updates to the Australian law to clarify Australian residence?

3. Payment for embassy services can be very awkward.

Having a child overseas in a non-English-speaking country is difficult enough, but having lots of added burden when attempting to register a child as an Australian citizen and get them a passport makes things worse. I speak from personal experience.

I want to request that all Australian Embassies be required to accept payment via credit card. The reason for this is that Australia does not have embassies in every country, and sometimes a person in a country where there is no embassy has to deal with the nearest embassy over the phone or by post. Since [at least some] Australian embassies do not accept payment by credit card, and they request that payment be sent as cash in the post.

Let me paint the payment options for you.

1. Pay by credit card - not possible because the Australian embassy doesn't accept it.
2. Pay by cash - not possible because reliable courier companies won't carry cash, and they inspect the parcels. Other post can be very unreliable.
3. Pay by bank wire transfer - not possible when you don't have a bank account in the country.
4. Pay by wire transfer from Australia - not possible without posting forms to Australia which can take some time.
5. Physically travel to the embassy. This is possible, but awful and expensive when your wife has just had a baby and is still in hospital and you have other children to look after too.

Question:

Why not require embassies to accept payment by credit card and accept BPAY payments from an Australian bank accounts, as many Australians can use internet banking to make payments such as this from overseas?