



TAX FORUM

4-5 October 2011

STATEMENT OF REFORM PRIORITIES

PARTICIPANT NAME AND POSITION

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ORGANISATION

Australian Industry Group

STATEMENT OF PRIORITIES

Personal Income Tax Priorities

- While short-term opportunities may be constrained, effective rates of income tax should be lowered to improve investment, saving and workforce participation incentives.
- Support changes that reduce compliance costs associated with the valuation and reporting of fringe benefits and support the transfer of fringe benefits tax to employees.
- Support the further investigation of the broader savings income discount proposal.
- Support a reconsideration of the Henry Review superannuation proposal ahead of the Government's proposal to raise the level of compulsory contributions.

State Tax Reform Priorities

- Support in principle the removal of the inefficient state taxes.
- Support using a higher rate and/or broader base GST to finance the removal of as many existing taxes as possible.
- In the absence of its removal, support the harmonisation of the payroll tax base.
- Support the further investigation and development of the conveyance duty/land tax proposal and the Business Cash Flow Tax Proposal.

Business Tax Reform Priorities

- Support reduction in the company tax rate to 25% as soon as possible;
- Improve and extend tax measures designed to facilitate the development of a strong early-stage capital market in Australia;
- Support the full implementation of the small business measures proposed by the Henry Review (raise the small business threshold and increase the immediate write off facility);
- Support more symmetrical treatment of business losses;



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- Support changes to deduction rules to remove barriers to setting up and reorganising businesses;
- Support simplifications across business taxation;
- Support measures to address the multispeed economy; and
- Support further investigation and development of proposals for longer-term structural reform of company taxation.

Road Transport Taxation Priorities

- Support further investigation and development of changes to road transport taxation.

Governance Priorities

- Support changes that improve transparency and accountability of the taxation system and that improve standards of governance and management of the Australian Taxation office.

Getting the Job Done

Ai Group recognises the political and administrative barriers to designing and implementing major tax reforms. While we regard the Tax Forum as an important step in the process, we do not anticipate resolution of the full range of issues either at the Forum or during the subsequent Parliamentary debates that the Government is planning to facilitate.

A key area of discussion at the Forum should therefore include the way that further progress can be secured. Arrangements for the facilitation of further community discussion of tax reform issues, the ongoing consideration and refinement of tax reforms and an aspirational timetable for debate, design and implementation of changes would provide a strong basis for ensuring that momentum for reform is maintained.

LIST OF ATTACHMENTS

Ai Group Tax Reform Priorities