Australian Government

A tax plan for our future
Stronger • Fairer • Simpler

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STATEMENT OF REFORM PRIORITIES

PARTICIPANT NAME AND POSITION

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ORGANISATION

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's Tax practice offers clients a broad range of fully integrated tax services in areas including corporate and international tax, M&A and infrastructure, indirect tax, global employer services, research and development, and transfer pricing.

STATEMENT OF PRIORITIES

1. What are your priority reform directions for the tax and transfer system?

One of the main priorities of the reform agenda should be to ensure that Australia's tax system allows it to be competitive on the international stage. In these challenging economic times, reform needs to focus on enhancing the attractiveness of Australia as an investment location.

Company tax reform

One means of improving Australia's international competitiveness would be through a reduction in the company tax rate. A lower company tax rate should encourage business investment and economic growth. It should also improve Australia's competitiveness in the Asia Pacific region by bringing Australia's company tax rate closer to that of its neighbours.

In its recent report to the Council of Australian Governments, Infrastructure Australia identified a number of infrastructure-related challenges that Australia faces such as a decline in the rate of national productivity growth and weaknesses in planning and project development. Reforms to the capital allowance regime should be considered to encourage capital investment with a view to improving productivity and contributing to our future prosperity. In addition to addressing a number of shortcomings in the existing capital allowance rules such as undue complexity, consideration should be given to the introduction of incentives such as accelerated depreciation or development allowances for specific types of capital investment that will assist in meeting Australia's infrastructure needs.

State tax reform

Currently, there are many different types of taxes imposed by the States and Territories, the majority of which are inefficient and contribute only marginally to the overall State and Territory revenue base. This promotes inefficiencies within the overall system and leads to significant costs of compliance for taxpayers.

One possible option to relieve the compliance burden of the States and Territories in administering and collecting taxes is to establish a central collection agency for all taxes paid to government bodies and to streamline the forms that need to be completed as part of that process.

As the States and Territories rely quite heavily on some of these inefficient taxes, for example stamp duty, the challenge going forward is what should replace them. An increase in the rate of a broad based tax such as GST may supplement the revenue loss from the removal of these inefficient taxes.

Governance and administration

Another key priority is to ensure effective governance and, ultimately, the simplification of the tax system. There appears to be an increasing demarcation between Treasury as the policy-maker and the ATO as the administrator of the law. Such demarcation produces greater difficulties in developing and interpreting the law to reflect the original policy intent. Therefore, apart from making the policy intent abundantly clear, it is essential to ensure that the administration of the law is not done in isolation from the policy intent of the law.

2. How are your proposals financed over the short and longer term?

It is difficult to answer this without having detailed costings of such measures. One possible option for financing measures such as a reduction in the company tax rate would be to consider changes to Australia's GST regime. Australia's consumption tax collected as a percentage of total tax revenue is currently the third lowest among OECD countries.

LIST OF ATTACHMENTS

No items attached.