

Bequest Tax

The Government's discussion paper on tax reform presents a range of sensible ways to make personal tax more equitable and efficient in Australia. It is particularly generous in its allowances for senior and superannuated Australians, but even more generous to the dead. Surely it is valid for Australians who have accumulated wealth over their lives, and been offered tax benefits in old age, to contribute tax from their bequests. The Australia's Future Tax System report shows awareness of the timidity of politicians when approaching any death duties for fear of community reaction, but recognises that these are valid forms of personal tax. In fact, many members of Australia's community believe that such taxes are justified, and important in helping to rebalance Australia's increasing inequalities of wealth. Financial conditions in Greece and the USA show how dangerous to the economy are tax systems that protect the wealthy at the expense of the poor. Bequest or inheritance taxes are one means of enabling a fairer and more equitable society.

The proposals in the AFTS report aim to tax only the top 10% of households by wealth in Australia. It states:

A tax on bequests should not be levied at very high rates. People should not be unduly deterred from saving to leave bequests. A substantial tax-free threshold combined with a low flat rate beyond that point would be an appropriate structure for a bequest tax. Bequests to spouses should be concessionally treated.

This tax proposal should not be allowed to drop off the Tax Forum agenda.

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