THE THIRTY YEAR PROBLEM:
THE POLITICS OF AUSTRALIAN TAX REFORM

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Tax reform is seen as particularly urgent. Keywords: tax reform; Australia; policy constraints; Henry Review; Asprey. Suggested Citation: Hewson, John, The Politics of Tax Reform in Australia (July 30, 2014). Asia and the Pacific Policy Studies (APPS) vol. 1, no. 3, pp. 590â€“599, Available at SSRN: https://ssrn.com/abstract=2506377. John Hewson (Contact Author). Australian National University (ANU) - Crawford School of Public Policy (email). 7 Liversidge Street Lennox Crossing Canberra, ACT 0200 Australia.

Taxation policy has assumed a prominent position in Australian politics in recent decades. From the National Taxation Summit of 1985 to the bitterly contested 1993 federal election and the Howard Governmentâ€™s historic implementation of a Goods and Services Tax (GST) in 2000, taxation issues have never been very far from the news headlines. Tax experts and economists agree that tax reform is the best way forward, and political leaders and policymakers are already canvassing options, but opinions differ on exactly what those changes should be. Aside from Dr Richardson, ABC News spoke with three other leading tax experts, including the author of Australia's most recent comprehensive Commonwealth tax review, Ken Henry, to assess the leading candidates for change. Henry tax review gathers dust. A decade after his comprehensive tax review was handed to the Rudd government, Dr Ken Henry laments the lack of action and warns it is c Australian tax arrangements that eliminate the double taxation of company profits. Grandfathering. The practice of introducing legislative changes without those changes affecting rights or benefits that have already been built up. The problem of the lack of equity in the superannuation system would be addressed by taxing compulsory employer superannuation contributions at the member's marginal income tax rate. All superannuation contributions could be paid to the relevant superannuation fund on at least a quarterly basis. Total superannuation assets are increasing at around 17 percent per year. 91 per cent of employees have superannuation, while only 36 per cent of the self employed have superannuation. The growth in this coverage is shown in Figure 1. The Australian Council of Social Service said tax reform must not be reduced to a narrow argument over increasing taxes on consumption such as the GST. The groupâ€™s chief executive, Cassandra Goldie, argued income taxes were the fairest taxes and should be made more efficient. â€œPeople understand we have a public budget problem: they want solutions that donâ€™t impose the greatest burden on the least well-off,â€​ she said. â€œIt is too easy for people with high incomes to avoid paying their fair share of tax through devices such as negative gearing and private trusts, for some international companies.