



AUSTRALIAN CHAMBER OF  
COMMERCE AND INDUSTRY

# MEDIA RELEASE

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## BUSINESS CALLS FOR SECOND WAVE OF TAX REFORMS

Statement by Mr Peter Hendy, Chief Executive

The Australian Chamber of Commerce and Industry (ACCI), Australia's largest and most representative business organisation, has called for a second wave of major taxation reforms with the release of ACCI's Taxation Reform Blueprint *A Strategy for the Australian Taxation System 2004-2014* today in Canberra.

The Blueprint advances an argument for taxation reform that sets the scene for where ACCI would like to see personal and business taxes heading by the year 2014.

While business supported the Government's Year 2000 reforms, including the introduction of the GST and reductions in the company tax rate, we believe these reforms did not go far enough at the time and that subsequent tax changes in other countries have left Australia uncompetitive in the global market for investment dollars and skilled workers

In particular, Australia's high marginal tax rates and low thresholds are uncompetitive by international standards. This harms innovation, education and training, skilled immigration and entrepreneurship, while promoting tax avoidance and evasion. ACCI's 2004 Pre-Election Survey showed that the level of taxation was the number one issue facing Australian business, followed closely by the complexity of tax legislation.

A new round of tax reform is needed to increase Australia's growth rate and our international competitiveness and ensure that we can meet long term challenges such as the ageing of the population.

Business is specifically calling for:

- Major reductions to personal income tax, in particular increasing the top tax threshold to \$100,000, the indexation of tax thresholds to inflation (i.e. the permanent abolition of bracket creep), the reduction of tax thresholds to preferably no more than two and the long term alignment of the top marginal tax rate with the 30% corporate tax rate.
- Reducing the cost of complying with the tax system. ACCI is proposing that the Government introduce a Tax Administration Impact Statement to ensure that the costs of tax compliance are fully measured.
- The abolition of the state taxes as originally proposed by the Australian Government in *A New Tax System*, reform of Fire Insurance Levies and a proposal to abolish payroll taxes.
- Further reductions in Capital Gains Taxes (CGT) to promote innovation and entrepreneurship including the introduction of a 'stepped rate' CGT where the percentage of gains subject to the tax reduces the longer an asset is held.
- Removing taxes on superannuation contributions and earnings, replacing these with tax on benefits only.

Further details of the proposals are in Attachment A and a copy of the 104 page *Blueprint* is available from ACCI's Canberra office

In this parliamentary term, and with a Senate majority from July 2005, the Federal Government has a golden opportunity to put in place a taxation system that encourages and rewards work, investment and enterprise. Australian business hopes that this opportunity will not be wasted.

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