

FIGHTBACK – A BURDEN ON FAMILIES?

In reply to T. J. Hast (May 28) some of us have given attention to the Opposition's Fightback package, and while it may have some of the advantages claimed by your correspondent, its disadvantages far outweigh these.

Inevitably a greater reliance on indirect taxes will impose greater burdens on families (hence the attack by the Australian Catholic Welfare Commission last July), lower income groups and particularly the unemployed.

Attempts to compensate for this by various methods will surely be a complex administrative nightmare.

While at present about 70,000 Australian institutions are involved in sales tax payments, with the GST some 1.5 million traders would become unpaid tax collectors.

Overseas experience (notably the UK) indicates that compliance costs are 50 to 100% higher than for income tax.

In New Zealand shopkeepers are required to log details of every transaction, and many have had to buy expensive computers and associated equipment.

Politically the introduction of a consumption tax has proven electorally disastrous in New Zealand and Canada for the parties that have introduced it.

In Britain, Germany, Denmark and New Zealand the rate of the tax has been raised from its initial level after relatively short periods (e.g. in Denmark, from 10 to 22% now).

There is an alternative, viz. revenue from community created site values (equivalent to approx 25 per cent of GNP), Mr. Hast is concerned about tax avoidance; well, you can't hide sites of land.

Income tax discourages effort and enterprise. Consumption taxes discourage spending and hence economic activity.

Site rent revenue ensures that values created by the community return to the community.

G. Forster,
Secretary,
Tax Reform Australia.
"Mornington Mail",
11/6/92.