

Submission on housing tax deductions

The exposure draft has two main points, neither of which are supported by any offered evidence.

1. "Some" people rort travel expenses.
2. "Some" people rort depreciation deductions.

These are motherhood statements designed to appease people who are not 'mum & dad' property investors.

Other interesting points are;

Apparently, if you own property within a company structure then you are a squeaky clean individual who is incapable of rorting travel expenses or depreciation deductions.

Apparently if you own a business you are a squeaky clean individual who is incapable of rorting travel expenses or depreciation deductions or any other kind of business expense.

Singling out small property investors after 1 July 2017 for different investment rules is not equitable and is yet again another poke in the eye for younger people and all others seeking to save for their retirement and not be a burden on the tax payer.

These various exclusions and interpretive narratives are simply a field day for those who would seek to look for loopholes.

The implementation of this Bill as Law would not result in a level playing field, would complicate what is otherwise fairly straight forward concepts in depreciation and would not result in appreciable difference in tax outcomes as people would simply start purchasing property within a company structure and continue "rorting" as before, IF they were so inclined.

Our tax system is based on self assessment which has trust as its foundation and tax office audits as the incentive for taxpayers to "do the right thing".

If changes must be made for the government to appear to be "doing something" I think a more equitable tax result would be gained by the government requiring all tax returns and depreciation schedules to be undertaken by people trained as tax agents rather than leaving it to the individual tax payer to work out and submit their tax return. Tax agents would base their clients returns on written evidence such as invoices paid and depreciation schedules for items without primary documentary evidence such as paid invoices. Tax agents would in effect be performing tax office like audits on all submitted tax returns thereby reducing any potential for rorting.