**Reform of the Tax System – A paradigm shift approach (2015)**

**The current Federal Government tax discussion is narrow and has inherent inefficiencies. Is it not about time we reconsidered an holistic approach that encompasses all three levels of government taxes? Eg local government taxes(rates) have been increasing by up to 6%pa for many years. This has a much bigger impact on pensioners than the small federal tax changes being currently discussed.**

**New Tax Proposal Guiding Principles**

The first step over a 2-5 year period is to model a new tax system that has a basic principle:

1. everyone pays their fair share of tax (individuals and companies)
2. the amount of tax paid is clearly evident and co-ordinated across all 3 levels of government.
3. the system is simple.

**Old Scheme from a holistic perspective.**

Tax is considered by me to be the combination of all federal, state and local authority taxes and charges including Payee, Company, GST, Sales, Council Rates, Authority charges, Royalties, Medicare, etc.

**New Scheme (Rates to be modelled so that Payee and Social Benefit Recipient Tax Payers are no worst off for items 1-2).**

The existing 2014/2015 total tax/charges amount across all three levels should be calculated and benched marked as the target new scheme revenue, plus 3% to assist budget deficit problems.

What would the Government (Federal, State and Local Authority) revenue system generate, if the Old Scheme was cancelled and replaced by a Federal Government collection system using the following?

1. **Income/Gross Profit Flat Rate Tax** 
   1. Payee Tax with a tax free threshold set at the old age pension rate.
   2. Company tax on Gross Profit(less wages bill) with no other deductions
   3. Capital Gains Tax with appropriate exemptions at the flat rate tax level
   4. The same flat rate for all (eg 15% to 25%)
2. **GST tax with appropriate exemptions**
3. **Superannuation**
   1. Taxed at a rate which is 5% blow the flat rate tax level of contribution
   2. Taxed at 3% to 5% of withdrawal amounts.
4. **Financial Intuitions Transfer Tax / Duty**
   1. To cover Domestic and Offshore Transactions
   2. To include all classes of financial institutions including hedge funds, share transfers, e commerce like paypal, superannuation funds, etc
   3. Set at an appropriate rate that reflects large volumes of asset/money transfer (0.1% as a starting suggestion).

**Expenditure**

A model developed to distribute collected revenue to all three levels of government as required. One pool of money and all bureaucracies have to live within their means. (known income before proposed expenditure).

**This model requires that the Federation concept comes into the 21st century.**