



A PLAN FOR A FAIRER TAX SYSTEM

Action to protect essential public services and fight inequality

Tax reform starts at the top, not the bottom

While the gap between the rich and everyone else gets worse, high income earners and big business are using the tax system to avoid paying their fair share. It's time to use the tax system to reduce inequality and properly fund the essential public services we all need, like quality health and education.

Australians understand the value of high quality essential public services, like health and education. Most of us want to see government spending more on these services, and we expect that high income earners and big business should pay their fair share.

Australia doesn't have a tax system any more – we have a tax avoidance system. Large corporations and the super-rich have rigged the rules for themselves, and the old parties are too frightened to do anything about it.

Corporate donations, the vested interests and the revolving door between the old parties and big business have ensured that the richest companies and individuals are accumulating wealth, while inequality continues to increase.

Inequality is bad for society, and it's bad for the economy. Research shows that high levels of inequality affect everyone's health, regardless of their income, and the IMF has shown that higher rates of inequality reduce economic growth.

Our communities are becoming more sharply divided as corporate profits skyrocket and wages flatline. The top 20% of Australian households own 63% of household wealth, and the bottom fifth own just 1%.

Despite what the Liberals say, Australia is a low taxing nation. It is the 8th lowest-taxed country amongst the 35 OECD nations. Australia's combined tax-to-GDP ratio is 28.2% for all levels of government in 2015. The OECD average is 34%. If Australia collected the same amount of tax as the average OECD nation then we would need to collect an additional \$94 billion per year.

The Greens don't buy the myth that tax concessions and tax cuts for the very rich trickle down to everyone else, and we're leading the debate with a plan to take us from a tax-avoidance system to a tax system that works for everyone.

Our plan will:

1. End big business tax avoidance & drop corporate tax cuts
2. Ensure the super-rich and investors pay their fair share
3. Tax mining giants and end billions in handouts

> 1. Corporate Tax & Big Business Tax Avoidance

Australia's tax system needs to be broad-based and focused on our national interest. Over decades, loopholes, subsidies and creative accounting have created a tax avoidance industry that is out of control.

It is estimated that corporations avoid in the order of \$8 billion of tax per annum, including through cross-border tax havens.¹ ATO data shows that 732 companies, with combined incomes of more than \$500 billion, paid no tax in 2015-16.²

In spite of this, the business community is lobbying fiercely for a corporate tax cut that will provide no public benefit. The Greens will shut down the tax avoidance industry. We'll make sure they pay their fair share of tax, we'll fix the problems in the tax system and we'll deny their tax cut.

Our plan will:

- Give the ATO the resources and powers to do its job by reducing the spend on consultancies and re-apportioning funds to employ an additional 4,000 people, which is the reduction in average staffing levels at the ATO since the Liberals have taken office.³
- Ensure accurate and timely reporting on tax avoidance, including a settlements register to detail any arrangement the ATO reaches with large companies. This would be a regularly updated searchable database that named companies for every settlement that they reach with the ATO, and would list the amount that the ATO originally assessed as the company's tax liability and the amount the matter was settled for.
- Prevent corporate tax avoidance by introducing worldwide gearing ratios to cap the amount of money the Australian arm of a company can 'borrow' from another arm of the same company that is located in a tax haven. Setting a cap

¹ United Voice and the Tax Justice Network Australia released a report, Who Pays for Our Common Wealth? Tax Practices of the ASX 200, September 2014.

² ATO, Taxation statistics 2015-16.

³ Comparison of average staffing levels, Budget Paper No.4: Staffing of agencies.

at the average of a company's worldwide debt level would prevent companies from artificially inflating their debt levels in Australia to reduce the amount of tax deductions they make. This will limit the ability of companies from shifting profits to overseas tax havens, raising \$1.75 billion.*

- Oppose the corporate tax cut from 30% to 25%, keeping \$2.7 billion* in public hands.

**over the forward estimates*

> 2. Ensuring the Super Rich and Investors Pay Their Share

Unfair loopholes make it easier for the super-rich, investors and speculators to accrue and hold on to wealth, at the expense of renters, first home buyers and the money available for universal public services.

2015-16 tax data shows 62 people in Australia who earned more than a million dollars but paid no tax.⁴ Just because people can afford to find and use these loopholes, doesn't mean we should allow them to.

We will end these loopholes and ensure an end to benefits that flow only to the very wealthy.

Our plan will:

- Introduce a Buffett Rule that would limit the amount of deductions made by those on high incomes —those earning over \$300,000. This will force high income earners to pay a minimum rate of tax and stop those on high incomes from deducting their taxable income to zero. This plan would raise \$9.5 billion* of revenue.
- Target wealthy property investors and level the housing playing field by phasing out the Capital Gains Tax discount by 10% per year over 5 years, scrapping negative gearing for any future purchases, and phasing out negative gearing for multiple properties. This would return \$14.3 billion* to the budget.
- Seek tax justice through targeted tax avoidance measures like taxing trusts as large corporations (at a rate of 30%), raising \$3.8 billion*.

**over the forward estimates*

> 3. End Handouts & Loopholes for Mining Giants

The biggest companies aren't paying their fair share. That's particularly true of big mining companies, the majority of which are owned by overseas interests.

Australia trails other leading producers when it comes to revenues from the oil and gas industries. Australia is set to become the world's largest exporter of Liquid Natural Gas (LNG), yet our tax rates are among the lowest in the world. The deductions that gas companies can make need to be changed so

that the Australian people get their fair share of Australia's gas resource.

While companies are making billions from Australian resources, profits are not benefitting Australia's hospitals, schools and transport.

Our plan will:

- Repair the Petroleum Resource Rent Tax (PRRT) paid by the gas industry so it compensates Australians for the gas they own.
- End fossil fuel subsidies, mainly paid to multinational mining companies, returning over \$23 billion* to public hands
- Introduce a mining super profits tax, at a rate of 40 per cent, to make sure that profits from our natural resources flow to Australians, and not just big business.

**over forward estimates*

⁴ ATO, Taxation statistics 2015–16.