

Ideas make the strangest things happen

Which progressive idea could gain the backing of GetUp!, the CPSU, the Labor Party and even...?

THE AUSTRALIAN THE HEART OF THE NATION

A Buffett rule has some merit

Complexity is the enemy of a fair and effective tax system

If the Abbott government had more political intelligence it would have proposed a so-called Buffett rule of its own in its first budget, rather than impose a clumsy, incentive-sapping two percentage point surcharge on about 300,000, mainly honest, taxpayers with incomes over \$180,000. Labor's recently announced plan to limit excessive use of deductions and offsets by the highest income earners could have raised about twice as much revenue, with less political pain, and without lifting any of the personal income tax rates that so crucially affect Australians' incentives to work and save. Australian Taxation Office data show that more than 55 people have been earning more than \$1 million in recent financial years, yet they paid zero income tax. They had deductions and offsets sufficient to whittle their taxable income below the \$18,200 annual tax-free threshold, including

fraction of his, paid an average 36 per cent. "Our leaders have asked for 'shared sacrifice' but when they did the asking, they spared me (and) my mega-rich friends," he wrote, prompting calls for a minimum average tax rate in the US. The proposal failed in congress; and Labor's new proposal for a 35 per cent minimum rate for earners above \$300,000 may well be too tough. In any case, it would raise only \$2.5 billion, according to the National Centre for Social and Economic Modelling, a small share of the federal government's annual \$35bn budget hole. Too high a minimum rate might prompt some mobile, top-earning Australians to uproot their families and move to lower-tax Singapore, Hong Kong or even New Zealand. But it also might help restore faith in Australia's tax system until more fundamental tax reform can be achieved. That reform should focus on simplifying the tax system in the most fruitful ways to

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55 Australians earned more than a million dollars and paid no income tax in 2012-13. A Buffett Rule is a simple, fair way to close tax loopholes and stop this from happening.

It's not a new tax; it's a rule to make the tax system work like it's supposed to.

Now even Treasurer Joe Hockey is considering a Buffett Rule, based on The Australia Institute's research.

Show the Treasurer that Australians support fair tax reform.

Add your name to back the Buffett Rule:
<http://theaus.in/backbuffett>