



## Spending Tax Summary

**Our policy is to raise the living standard of all Australians by creating the economic environment for high employment and savings for lifetime economic security. This policy is to be achieved by the implementation of a series of complimentary policies including Tax Reform**

### **Our Tax Reform aims**

- **to substantially reduce the cost of all goods and services for domestic consumption and for export**
  - **to reduce imports**
  - **to increase the demand for Australian “added value” leading to high employment**
  - **to provide the opportunity and incentive for savings by increasing the purchasing power of existing take home pays and incomes by firstly reducing the price of all goods and services and by secondly reducing taxation on savings, superannuation and investments.**
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- Our policy is implemented by abolishing Income Tax and seven other Federal Taxes (including GST) and introducing Spending Tax - a broad based Expenditure Tax. Initially State and Local Government taxes will remain the same, except State Payroll Tax will be abolished.
  - Spending Tax is paid by the person or company spending money in Australia. To make it easy and cheap to collect, it will be collected and remitted in two different ways.
  - **Firstly, on wages and salaries.** Employees do NOT pay the tax. By negotiation and rulings by the wage fixing tribunals, the employee will be paid the same take home pay as now with no tax payable. The employer will have to remit the Spending Tax on the total money spent on wages and salaries. Easy – pay \$10,000 per week which all goes to the employees and remit \$200 to the Government.
  - The Superannuation levy will be increased to 10% and fixed at that.
  - **Secondly, on the purchase of goods, services and property.** The buyer (spender) has to pay the tax, but for ease of collection it will be collected by the seller who remits it quarterly using a Spending Tax return, which will be a simple form of Business Activity Statement (BAS), in which only GROSS Sales need to be calculated and declared.
  - At present, the buyer pays GST of 10%. The Spending Tax will be only 2%.
  - This tax was proposed by the group called “Tax Reform” and is set out in John McRobert’s book “Your future in Your Hands”.
  - This is NOT a bank transaction tax or a bank debit tax.
  - The cost of employing labour will be reduced dramatically thus reducing costs of producing goods and services, but not costing employees anything.
  - All goods and services will be cheaper which will provide a bonus to all Australians by increasing the purchasing power of existing take home pays, incomes and most importantly, savings.
  - The price reductions will be monitored by ACCC with heavy penalties for not passing on the savings.
  - Our exports will be cheaper which will help our exporters to increase sales, earn better margins and increase productive capacity

- Gross Domestic Product (GDP) is a calculation of basically the net profit of all the businesses in the economy (less the cost of the capital expended in earning them). It currently runs at about \$700 billion.
- In the 2002-03 year, the Federal Government collected about \$195 billion (about 26% of GDP).
- Under Spending Tax, the Federal Government will not need to collect as much as it does now in order to provide the same level of services because its cost of labour will be dramatically decreased.
- Spending Tax at 2% will be monitored to ensure that the total collected by the Federal Government does not exceed 20% of Gross Domestic Product (GDP) as calculated under the Spending Tax regime.
- Tax will cease to be able to be manipulated by the Government for cynical political purposes.
- If you are a wage and salary earner, you will receive the same take home pay as you do now. You will need to complete a Spending Tax return annually for any other sales of goods, services or property and remit 2% of the sale proceeds.
- If you are a business, your quarterly Spending Tax return need only include your gross sales and employees' wages and benefits and remittance of 2%. Deductions are not relevant.
- Spending Tax will be payable on sales relating to Australian goods, services, property or labour wherever the transaction actually takes place eg offshore.
- Spending Tax will be payable on all imports at the time of import.
- All existing savings, superannuation and investments will have greater purchasing power. Note - the GST reduced their purchasing power.
- The increased purchasing power of existing take home pays and incomes and the incentive to increase these incomes will provide the opportunity to all Australians' to save to secure financial security.
- The need for government support will reduce substantially further reducing the revenue needed by Government.
- Government will have enhanced purchasing power to provide for more hospitals and schools and raise the living standards of all Australians.
- Federal Government will be able to concentrate on its primary functions of protecting the democracy and independence of Australians.

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