Creating a more dynamic and resilient economy inquiry

Questionnaire response 8

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1. Support business investment through corporate tax reform

1. What features of the Australian business environment have encouraged or restrained investment over the past 10 years?

Australia is a sovereign country with a fiat currency, the Government has no financial constraints only available productive resources. The Government believes that investment is a requirement of business environment which in turn is driven by profit. Profit is not a good criteria to improve the quality of life. The Government can become more involved in community development and not focus on greed and envy which demand continuous and limitless economic growth of a material kind. This type of growth cannot possibly fit into a finite environment.

2. What elements of the corporate tax system encourage and/or discourage investment and risk-taking?

Tax systems come with compliance costs. The more complex the tax system, the higher these costs tend to be.

3. Which parts of the corporate tax system do you find the hardest, or most time or cost-intensive to comply with? How could the compliance burden of the business/company tax system be reduced?

This question cannot be answered in a 'box'. Tax does not fund Government expenditure so the first requirement is to understand the four principal purposes of a social and economic character that tax can be made to serve. These purposes are:
1. As an instrument of fiscal policy in controlling demand to help stabilize the purchasing power of the dollar and control inflation.
2. To express public policy in the distribution of wealth and of income, as in the case of the progressive income and estate taxes.
3. To express public policy in subsidizing or in penalizing various industries and economic groups.
4. To isolate and assess directly the costs of certain national benefits, such as highways and social security. Opportunity cost of dollars taken as tax versus those spent by government.
With this in mind the tax system can be overhauled. One of the befits of this exercise would be the elimination of the 'tax avoidance' and 'tax enforcement' systems and the ability to use those personnel involved in these systems in more productive ways.

2. Reduce the impact of regulation on business dynamism

1. What areas of regulation do you see as enhancing business dynamism and resilience? What are the reasons for your answer?

Regulation should be designed to ensure quality of product and/or service not to enhance business dynamism and resilience.

2. How has your regulatory burden changed over time?

   There is a general increase in regulatory burden which appears to be developed independently of the way people and businesses actually operate. There would be benefit in developing regulations to establish the purpose and then to use sortition for development.

3. What regulations do you find time-consuming, overly complex or otherwise constraining business dynamism and resilience? What are the reasons for your answer?

   See above for general comments, It is an unrealistic expectation to ask for specific regulations; it would be of more benefit to determine industry by industry the purpose of a regulation and its success or otherwise in achieving that purpose.

4. Can you share any specific examples of where you think a regulator has done a good or bad job of understanding and reducing regulatory burden on businesses and why?

   N/A