

Greens urge Buffett rule to get more tax from high income earners

Written by Michelle Grattan, Professorial Fellow, University of Canberra

The Greens tax policy, released on Wednesday, would hit high income earners and target corporate tax avoidance.

The Greens plan would bring in “a Buffett rule” to ensure higher income earners paid their fair share of tax by limiting deductions made by those earning more than A\$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,” the policy says. The move would raise \$9.5 billion over the forward estimates.

A Buffett rule – that would put a floor under the tax the very wealthy had to pay - has support within the left of Labor but is not ALP policy. It has been opposed by opposition leader Bill Shorten and shadow treasurer Chris Bowen but may be raised by the left at the July ALP national conference.

In the Greens policy, another \$14.3 billion would come from targeting property investors, with the capital gains tax discount phased out over five years, and negative gearing scrapped for future purchases and phased out for multiple properties.

Trusts would be taxed as large corporations, at a 30% rate, raising \$3.8 billion over the forward estimates.

The policy says: “Despite what the Liberals say, Australia is a low taxing nation. It is the 8th lowest-taxed among 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”.

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Greens leader Richard Di Natale said that Australia had a “tax avoidance system” rather than a “tax system”.

“Big corporations and the super-rich have rigged the rules for themselves, and the old parties are too frightened to do anything about it.

“Big corporate donations, vested interests and the revolving door between parliament and big business has made it so that the wealthier corporations and individuals get richer and richer, while inequality just gets worse”.

The Greens oppose the corporate tax cuts and advocate changes to the petroleum resource rent tax, ending fossil fuel subsidies, mainly paid to multinational mining companies, and the introduction of a mining super profits tax at a rate of 40%.

They put forward measures to target corporate tax avoidance, saying it is estimated corporations avoid about \$8 billion of tax a year.

Michelle Grattan does not work for, consult, own shares in or receive funding from any company or organization that would benefit from this article, and has disclosed no relevant affiliations beyond their academic appointment.

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