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## Tax avoidance, evasion and minimisation is costing Australia \$50 billion a year: unions

The Government should introduce a higher rate of tax on the very wealthy similar to the 'Buffett rule' as part of a crackdown on tax loopholes and rorting to ensure that rich individuals pay their fair share, say unions.

Very high income earners should pay at least the same average rates of tax as middle-income households, unions will tell this week's Tax Forum in Canberra.

A variety of methods of tax evasion, avoidance, use of tax breaks and tax minimisation is costing Government revenue at least \$50 billion a year, according to an analysis by the ACTU for the Tax Forum.

ACTU Secretary Jeff Lawrence said Australia's tax laws were inherently flawed in that they did not treat all forms of income and all expenses the same, offering incentives and avenues for wealthy individuals to reduce their tax to the extent they ended up paying less tax than average rates.

"The end result is those who can afford most to contribute to the infrastructure and service needs of our nation through the tax system end up avoiding their responsibilities, leaving the burden to fall to those whose day-to-day living costs already far exceed what they have for discretionary spending," Mr Lawrence said.

"To turn this around, the Government should follow in the steps of the Obama administration, which has introduced the Alternative Minimum Tax rule – or as President Obama calls it, the 'Buffett rule' – which ensures high income earners pay at least the rates of tax faced by middle income earners.

"There is a strong public interest in ensuring wealthy Australians pay both their lawful share as well as their 'proper' share of tax."

The ACTU sets out its case for the Government to crack down on wealthy tax evaders in *Rorts and Loopholes: Tax evasion, avoidance & tax breaks*, the last of a series of discussion papers released in the lead up to the Tax Forum.

It found that the use of tax breaks and other methods by wealthy Australians costs \$22 billion a year; another \$10 billion is lost by small businesses not declaring income or passing on GST collected, or falsely claiming tax deductions; and a further \$17 million by contractors failing to declare their income properly.

Other recommendations proposed by the ACTU include cracking down on criminal tax evasion and increasing jail terms; closing loopholes and concessions that allow big companies to minimise their taxes; making deliberate tax avoidance a civil crime; changing the rules so that wealthy Australians, small businesses, and contractors are not able to use companies and trusts to minimise their taxes; and tightening the definition of who is a 'genuine' contractor under tax laws, and requiring contractors' clients to report fees paid to the tax office.

"Average income earners do not have the same means at their disposal to minimise tax as the very rich," Mr Lawrence said. "When the wealthy employ strategies to lower the average rate of tax they pay, it is always at the expense of the not so well-off who make up the majority of taxpayers."

**Media contact:**

Rebecca Tucker ph (03) 9664 7359 or 0408 031 269; [rtucker@actu.org.au](mailto:rtucker@actu.org.au)