

Media Release

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Is Dr Henry's "End-game" the abolition of tax refunds?

The NTAA fully supports measures designed to simplify the tax system for the benefit of Australian taxpayers, as are its members. We are just not convinced that those aspects of the Henry proposal that have been leaked will do this.

We are also concerned that, rather than having an open and robust public discussion, the Henry Review of the taxation system seems to have entered the phase of softening up the Australian taxpayer. It's an old tactic. Leak a part of the story, wait for a response then pounce. Dr Henry has already started flexing his muscles by saying that he is fully prepared for "scare campaigns".

So, presumably, any unfavourable response will be labeled a scare campaign. A little harsh given the fact that he has chosen to only release a tidbit and not release the whole document.

That said, the Henry proposal, to be released in December, is expected to recommend that taxpayers will receive a one-page summary "income tax return" which will include a "standard" deduction for work related expenses. Taxpayers will be able to 'tick' a 1 page document issued by the ATO and sit back and wait for their refund.

The refund will be based on a 'standard' deduction for work related expenses and a figure of \$500 has been floated.

Now taxpayers have a right to be scared!

Nick Connell, spokesperson for the NTAA said that "Treasury has for years been concerned at the blow-out in work-related deductions and we believe that the concept of a 'standard' deduction may well be the first step in controlling deductions for work-related expenditure."

"We are concerned, and we believe justifiably concerned, that if taxpayers allow their claims for work-related expenses to be "standardised" in any form at all, that they may end up losing them."

"Millions of taxpayers are entitled to legitimately claim hundreds or thousands of dollars in deductions that they incur in earning their income. This right is written into the law."

"Most of us make claims for car expenses, travel and accommodation, home office, uniform, protective clothing, laundry, telephone, computer, power, etc. The list goes on."

"How long will these claims last," he asked, "once we allow them to be standardised?"

Is the end-game the abolition of tax refunds?

"Australians love their income tax refunds. They rely on them as a, sort of, forced way of saving. They are an institution and it is our right to be able to claim work-related deductions and receive income tax refunds.

We urge taxpayers to not allow the government to standardise deductions that they are legally entitled to. Make no mistake about it. Let them get their foot in the door and the refunds we love to get will one day be wiped out."

Leaking a tidbit from the proposals raises more questions than answers and the NTAA calls on Dr Henry to have an open dialogue with the Australian people and not seemingly engage in a surreptitious campaign to gauge public reaction.

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