

Paul Keating Slams Turnbull's Unfunded \$50b tax Gift to Corporates (while population struggles)

by Jacob Greber via cyd - AFR Thursday, Jun 23 2016, 10:00pm

international / prose / post

It's in your FACE Australia; puppet Turnbull's BUDGET ignores the vast majority (75%) of Australians while favouring the corporate elite. Many commentators have already described Turnbull's assessments as "questionable and fanciful." Turnbull hopes that EXTRA benefits granted to the wealthy elite would 'trickle down' to the community at large. Well, history clearly informs us that "trickle down economics" not only FAILS but harms national economies. If more proof is required of Turnbull's INEPTITUDES, TREACHERY and DISHONESTY then just listen to his hollow, unsubstantiated rhetoric. The man CLEARLY serves the business elite NOT the people of AUSTRALIA. Judge him by his ACTIONS (budget) not his empty words!



Paul Keating

Former prime minister Paul Keating has blasted the campaign to lower the nation's corporate tax rate as an irresponsible and unfunded impost on the federal budget.

In his first public remarks on tax during the 2016 election campaign, Mr Keating says lower company taxes are only desirable if affordable, and that he would never have allowed a \$50 billion budget hit with a "discretionary unfunded tax cut".

"Yes, I did cut the company tax rate from 49 per cent to 33 per cent, but paid for those vast reductions by a massive broadening to the base of the tax system," Mr Keating says.

The broadening included capital gains taxation at full marginal rates, a fringe benefits tax, the abolition of entertainment as a deduction, and tax on company cars.

Mr Keating's intervention, in a letter published in Friday's The Australian Financial Review, comes after the newspaper quoted his 1993 election policy speech in which he had pledged a focus on "business and on incentives to invest."

He accuses the Financial Review of conducting a "campaign in collusion with the Business Council of Australia" to reduce the rate of company tax on foreign shareholdings.

"The AFR must be alone among national financial newspapers in urging so massive an impost on the national fiscal balance," he writes.

Foreign investment

The outburst comes after a forum hosted by PwC and the Financial Review in Sydney on Thursday heard from an economist whose work is being used by Labor to underpin its negative gearing policy that Australia should do all it can to attract as much foreign investment as possible, given falling income growth since the resources boom ended.

Richard Holden, professor at UNSW's Business School, challenged the argument that the bulk of any corporate reductions would flow primarily to offshore investors, pointing to evidence that more than a third of company profits tend to be reinvested in the same location.

The gathering heard conflicting arguments about the benefits and costs of the Coalition's proposal to reduce the tax rate to 25 per cent from 30 per cent, with Victoria University economist Janine Dixon questioning whether Australia would be able to absorb a jump in capital caused by lower corporate imposts.

"If you bring a lot of capital into the country very quickly, and don't have the labour to address it, the benefits will be lost," Dr Dixon said.

She conceded that a lower tax rate would "stimulate activity" in the economy, but would also detract from domestic income.

Limited choices

Miranda Stewart, director of the ANU Crawford School's Tax and Transfer Policy Institute, said that Australia's place in the global economy - where corporate tax rates are being reduced around the world - means the nation's choices are more limited "than we realise."

Professor Stewart said that while she reluctantly agrees the corporate tax rate needs to fall in line with other countries, the focus should be on funding the impost through a broadening of the base, including higher land tax.

Paul Abbey, a partner at PwC, said while he understood the risk that a company tax cut may not work out, it was vital to do what's necessary to spur foreign investment and incomes.

Given that the full benefit of a corporate tax cut could take up to 20 years to emerge, "we have to suck it up and do it now," Mr Abbey said.

Michael Callaghan, a former top Treasury official and Lowy Institute fellow, echoed concerns about complacency, saying tax reform should be part of a broader set of reforms.

"Yes it's not a silver bullet, [but] we have to do these other things; we have to do them well with education and improved labour participation. It's not one or the other,."

"Ultimately, we have to come back to the question of tax reform."



Malcolm Turnbull, corporate-serving FRAUD and incompetent leader!

<http://www.afr.com/news/economy/election-2016-paul-keating-slams-corporate-tax-cuts-as-unaffordable-20160623-gpq9x8>

Jungle Drum Prose/Poetry. <http://jungledrum.lingama.net/news/story-2274.html>