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ABBOTT GOVERNMENT SHOULD NOT PUNISH ASPIRATIONAL AUSTRALIANS: IPA

The Abbott government should not punish Australians earning more than \$80,000 a year by increasing their income taxes, according to free market think tank the Institute of Public Affairs.

“The Coalition should be reducing government spending and cutting taxes,” said IPA Senior Fellow Dr Julie Novak.

“Instead, the proposed deficit levy sends the signal the government wants to punish people who work hard to improve the living standards of themselves and their families.

“As the Prime Minister has stated numerous times, no country can tax its way to prosperity, and so the government must not send the message to Australians that our fiscal problems can be resolved by increasing taxes.

“It is wrong to claim higher income taxes are necessary to ‘share the pain’ of fixing the budget deficit.

“Those on higher incomes in the PAYG system already bear the brunt of the income tax burden, with more than 60% of net income tax paid by individuals earning over \$80,000 each year.

“Someone earning \$80,000 a year is well-off, but they’re not rich. Teachers and nurses can earn well in excess of \$80,000 per annum.

“The proposed deficit levy is also unfair, because it will disproportionately affect families that rely on a single income.

“Families with one income earner being paid \$80,000 a year would pay the levy, while families with two income earners earning a combined \$80,000 will not pay the tax.

“The pain of the deficit levy will only add to the increasing tax burdens that aspirational Australians will confront, with a new NDIS levy built into the income tax system from 1 July this year.

“The \$3 billion expected to be raised by the deficit levy could easily be found by a combination of measures, such as cutting corporate welfare and not proceeding with the wasteful ‘Direct Action’ plan.

“There is still time before the budget for the Abbott government to go back to the drawing board, and find additional spending reductions,” said Dr Novak.

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