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Thursday 4th December 2014

AUSTRALIA AMONG HIGHEST TAXED COUNTRIES IN THE WORLD

Australia has become one of the highest taxing nations in the world, says Dr Mikayla Novak, Senior Research Fellow at free market think tank the Institute of Public Affairs.

“We are constantly being told that Australia is a low tax country, but that is a complete myth”, says Dr Novak.

New IPA research reported in *The Australian* today of international tax rates conducted by Dr Novak reveals that Australia is among the highest taxed nations in the OECD, when tax rates are adjusted to include compulsory super and health insurance mandates.

“The OECD reports our tax-to-GDP ratio to be 26.5 per cent in 2011, but this number comes from the omission of key taxes. Adding in compulsory super and health insurance mandates raises Australia’s tax-to-GDP ratio to 32.2 per cent in 2011, reducing our tax competitiveness advantage,” says Dr Novak.

“Compulsory super and health insurance mandates should be included, as they effectively act as taxes.”

The new IPA research shows that the idea Australia is a low taxing country is further dispelled when Australian tax-to-GDP ratio is adjusted for economic size with other OECD nations.

“Comparing Australia’s tax burden to the OECD average is misleading, given the massive variations in economic size of the countries and our trading relationship with the Asia-Pacific region,” says Dr Novak.

“When tax-to-GDP ratio is adjusted for economic size and trade, the OECD average reduces to about 30-31 per cent of GDP, which shows that Australia is not a low taxpayer.”

“These are especially important findings when considering Australia’s economic future. The Abbott government must ignore the calls for even higher taxation.”

“That will only weaken our economic potential and impair future living standards,” says Dr Novak.

The IPA’s new report, *The Australia ‘low taxing country’ myth*, is available to download [here](#).

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