

IPA MEDIA RELEASE

Institute of Public Affairs | Australia's leading free market think tank

9 April 2015

THE ONLY REAL TAX REFORM IS TAX CUTS: PAPER

Unless tax reform delivers a reduction in the tax burden, the government should not reform the tax system, according to a seminal paper by an influential economist republished today by the free market think tank the Institute of Public Affairs.

The paper, a republication of *The Case Against Tax Reform* by prominent Australian economist Professor Geoffrey Brennan, was released by the Institute of Public Affairs today.

Originally published in 1987, the paper argues that the best tax is an old tax, as stability and predictability are important when it comes to the tax system. Changing the tax system for the sake of change is bad policy and will damage the public's trust.

"The republication of Professor Brennan's paper is timely. There should be no new taxes and no higher taxes in the upcoming budget or as part of the government's tax-reform process," says Dr Mikayla Novak, Senior Research Fellow at the Institute of Public Affairs and the author of a new foreword for Professor Brennan's paper.

"There has been a lot of discussion about the need to reform Australia's tax system in recent months. But simply reforming the tax system for the sake of reform is fraught with danger for the Australian taxpayer. Real tax reform means reducing the tax burden."

"Australia is not a low-taxing country. Including compulsory superannuation, health insurance mandates and workers' compensation premiums, Australia's tax-to-GDP ratio is 34.3 per cent. This is above the OECD average of 33.7 per cent. This shows how vital caution is when it comes to tax policy."

"Professor Brennan's paper reminds us to ask ourselves: Just whose interests is tax reform meant to serve – the taxpayer or the government? This is an especially important question considering pushes to make multinational corporations, retirees, and consumers pay even higher taxes."

"Professor Brennan's warnings must be listened to. Real tax reform must reduce the tax burden on Australians," says Dr Novak.

Professor Brennan's republished paper, with Dr Novak's foreword, is available here:

<http://www.ipa.org.au/publications/2357/the-case-against-tax-reform>

For media and comment: Dr Mikayla Novak, Senior Research Fellow, mnovak@ipa.org.au or 0408 873 739