

11 May 2017

## **IPA: BANK TAX IS AN ARBITRARY ABUSE OF GOVERNMENT POWER**

“The bank tax is an unconscionable violation of the Coalition government's low tax principles. All taxes are paid for by workers, consumers, and shareholders. The bank tax is no exception. It must not go ahead,” says Daniel Wild, research fellow with the free market think tank, the Institute of Public Affairs.

In the 2017-18 Budget, the Government announced a new tax of 0.06% to be levied on bank liabilities, such as corporate bonds. The tax only applies to banks with liabilities above \$100 billion, which in practice means the Commonwealth Bank, Westpac, National Australia Bank, ANZ and Macquarie will be affected.

“The government should not be using its power to target specific businesses for political gain. The decision to limit the tax to just five businesses is disturbing. It represents a dangerous slide away from equality before the law, to arbitrary rule by government. All Australians should be worried.”

“The bank tax is completely wrong on the economics. It will discourage asset creation, reduce efficiency of financial intermediation, and lower economic growth.”

“Instead of trying to extract more money out of Australian taxpayers, the Government should be looking to increase freedom and economic growth. The way to do this is to cut taxes, cut spending, and reduce the burden of red tape,” said Mr Wild.

**For media and comment: Evan Mulholland, Media and Communications Manager, on 0405 140 780, or at [emulholland@ipa.org.au](mailto:emulholland@ipa.org.au)**