

What is Fair?

There has been a lot of comment about how unfair it is that high income earners gain the majority of value of certain tax breaks. What seems to get lost is that they only get a large advantage because they pay a large amount of tax.

I'm a hard worker, a highly skilled worker, I shoulder large responsibilities and as a result I am a high income earner. I spent a lot of time and sacrificed a lot in acquiring the skills and knowledge needed for my job. I did this whilst the others were out partying and generally wasting their time and money. For my efforts, I went several years without pay but now I pay 40% of my income in income tax and now 49 cents in each additional dollar I earn, whilst these commentators pay less than half that and then get a lot of it back through family tax benefits. **I don't think that's fair, where is the reward for effort, skill and accepting responsibility?**

These commentators seem to think that anyone who earns more than them must have acquired this unfairly. There is no cognisance of whether these high earning people have:

- worked longer and harder than them, or
- taken hard decisions and made sacrifices to get ahead, whilst the commentators have taken the easier choices and hence not achieved the beneficial results.
- Saved and wisely invested their earnings, whilst the envious have been profligate and wasted their money on alcohol, tattoos and similar wastes.

Where is the acknowledgement that there should be reward for sacrifice and effort?

Generally high income earners are high value adders.

- If we were in the USA, people would be celebrating the success of these people and striving to be like them?
- But we are in Australia where people like ACOSS vilify high income earners as undeserving and as tax cheats and lobby to cut them down? **It would be useful if the ATO more publicly acknowledged that most high income earners pay their proper and large amounts of tax.**

Table 3.2 of your discussion paper shows high income earners formed only 2.3% of the population but paid 26% of the total income take. **Is this fair? I don't think so.** The load needs to be shared more fairly, **I suggest a slight increase in the lower brackets would allow a significant cut in the load on this 2.3% and be fairer.**

Analysing this data further we can see that the average high income earner paid tax of about \$130,000 pa or 40% of their income. I understand that after transfers such as family tax benefits, people with taxable incomes less than \$50,000 pay no net tax. **Is this fair distribution of contribution? I don't think so.**

I note that the last Government gave low income earners (about 5.75 million people) a tax cut/benefit increase of about \$1,000 to compensate for the carbon tax. **As the carbon tax is no longer with us this largesse should be taken back and would result in a saving of about \$5.75 billion. That would be fair.**

High personal tax rates discourage effort. How often have you heard skilled people say they could work more but the little income remaining after tax makes it not worthwhile. This is exacerbated by the ATO not allowing deduction of certain expenses incurred in earning income, eg travel to and from work. The ATO is very good at taxing us on profits we didn't make. **Is this fair? I don't think so.**

I think the way ahead is the personal income tax, particularly at the higher end to be reduced, the present scales are unfair. If the Government needs more money, it should reduce expenditure on unnecessary programs such as family tax benefits,(particularly after the third child), welfare fraud and/or increase the GST, where everyone pays the same percentage.