



Media Release

Populist Politics Versus Australia's Future Prosperity

The release of Labor's multinational tax plan is yet another example of a willingness in Australia to chase the populist vote and use widely discredited and blatantly misleading statements around the tax contribution corporates make in Australia as a basis for so called tax reform. Australia has become completely beholden to fear mongering politics which has allowed politicians to focus solely on short term vote winning tactics. It is time to stop and think what is in the best interests of Australia and future generations and base decisions on facts, not fear.

The \$460 million Labor claims it will raise on average each year over the next 10 years (\$4.6 billion over 10 years) from further changes to our corporate tax system by moving to a world-wide gearing ratio pales in comparison to the \$64 billion in company tax contributed by corporates it so readily brands as not paying their fair share. To put this number into perspective, **the \$64 billion income tax contribution made by corporates for the 2016 year is slightly more than Australia's entire Federal health budget for 2016-17.** We'd call on the Labor Party to fully explain how its figures are arrived at, and the assumptions it has made, so we can have a transparent debate based on the facts. Whilst ATO data shows that 1 in 4 large companies don't pay tax, that's because they didn't make a profit – it's not sinister tax loopholes at work. In its commentary supporting the public release of corporate tax data, the ATO says just that – a fact conveniently overlooked by the tax fear mongers.

It is dangerous to assume that companies with mobile operations will continue to employ, invest and supply goods and services to a country that engages in weekly corporate smear campaigns and routinely changes the rules of the game based on politically motivated agendas, rather than sound policy. We already have an uncompetitive tax rate compared to the OECD average and our major trading partners in the UK and New Zealand have lower tax rates. The US, the main source of foreign investment into Australia, is also likely to drop their corporate tax rate to well below Australia's 30%. Whilst other countries are creating an environment that encourages foreign investment and jobs and growth, Labor's plans are the complete opposite.

We strongly agree that Australia must have a corporate tax system under which corporates pay their appropriate share and that we have a well-resourced ATO to deal with those that game the tax system. But let's also remember how reliant Australia is on \$64 billion in company tax and the \$3 trillion that foreigners invest in Australia and the jobs it creates. These sorts of changes will inevitably lead to companies choosing to invest and operate elsewhere.

4th May 2017

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