



PRIME MINISTER

FOR MEDIA

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ELECTORATE TALK

Tax avoidance is an activity that costs every decent member of the Australian community dearly. Avoidance is, to be sure, a very slippery concept. But basically, it amounts to arranging one's affairs with the sole purpose of minimising tax strictly, obeying the narrow terms of tax legislation, but not its spirit and intent and ultimately it involves shifting the burden of taxation on to the honest taxpayer.

Anyone who pays less than their fair share of tax does so at the expense of every other member of the community. For everyone benefits from Government-provided services, and from the protection of the law and those who avoid paying their fair share of the cost of those services are bludging on those who do.

But the financial cost of avoidance is not measured simply by the extra tax the rest of us have to pay. Tax revenue has to be devoted to devising, implementing and administering anti-avoidance laws and to prosecuting those caught cheating.

The cost also includes the resources, the time and the effort not only of those who seek to avoid taxation but also of their advisers - their high-priced accountants and lawyers who make a living off what they earn by promoting scheme after scheme to rip off the rest of the community.

Tax avoidance not only involves financial costs : it is anti-social, and un-Australian. It is behaviour that undermines the social fabric; it does so as surely - or more so - as the irresponsible behaviour of that minority of militant unionists who think and act as if they can with impunity, trample on the rights of the community of which they are part. And the person who indulges in avoidance by finding an artificial loophole to slip out of tax is, in our view, as guilty of a crime against society as the person who evades tax by falsely declaring his income.

No government has done more to fight tax avoidance than the present Government and Treasurer John Howard has attacked tax avoidance more vigorously than any other Treasurer in Australia's history. It is indeed because of this Government's active campaign against tax avoidance and the publicity which we have given to this anti-social behaviour that the average Australian has become so aware of it. Under this Government we have acted on 26 occasions through 22 pieces of legislation against 54 separate schemes. In addition to directly attacking particular schemes of avoidance, we have incorporated - through Part IV A of the Income Tax Assessment Act - a general anti-avoidance provision. A key feature of this legislation is that blatant, artificial and contrived arrangements caught in its net are struck down as from 27 May 1981 when the legislation was passed. Whatever date in the future they are discovered an additional tax equal to double the tax sought to be avoided is automatically payable on any scheme struck down by Part IV A.

We have also introduced the Crimes (Taxation Offences) Act 1980 which provides gaol terms of up to five years, and fines of up to \$50,000 for certain schemes which seek to reduce or remove the capacity of a company or trustee to pay tax.

And through changes in the Crimes Interpretations Act we have required the courts to have regard for the intention of the law rather than for finer points of its language.

The Government is confident that together these measures are working and will continue to work to greatly diminish the incidence of tax avoidance.

But let there be no misunderstanding. If the measures we have already taken don't go far enough to stop particular unacceptable practices, the Government will not hesitate to take further action. And this action might well resort to an extension of the use of limited retrospectivity.

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