



PRIME MINISTER

FOR MEDIA

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Cabinet today unanimously agreed that to enable it to discharge its responsibility of making final decisions, work should proceed on the framework which, as enunciated by me on Thursday, represents areas of broad agreement emerging from the Tax Summit, including:

- (a) a crackdown on avoidance and evasion as outlined in Option A;
- (b) some extension of the direct and indirect tax bases, including a consumption tax on services ;
- (c) adequate compensation of the needy;
- (d) reductions in personal income marginal tax rates;
- (e) the possible replacement of the income tax threshold with tax rebates;
- (f) possible changes to the existing dependent spouse rebate and family allowance arrangements; and
- (g) the possible introduction of a full imputation system with company tax rates aligned with the top personal income tax rate.

The Cabinet will require significant further details and costings, to be provided as soon as possible, to enable it to make such final decisions.

The Cabinet also agreed that:

- (a) the Treasurer bring forward further detailed papers to enable the final decisions to be made; and
- (b) I would arrange for a Taxation Sub-Committee of Cabinet to be established to consider submissions prepared by the Treasurer, before they are brought to Cabinet.