



## PRIME MINISTER

STATEMENT BY THE PRIME MINISTER, THE HON P J KEATING MP  
DR HEWSON'S TAX PHILOSOPHY

The essential point which emerges from the taxation material aired in Christine Wallace's biography is Dr Hewson's philosophy towards taxation.

Taxation is the issue which Dr Hewson has made the centrepiece of his policy for Government.

Dr Hewson's GST would make tax unavoidable for the unemployed and the low paid - who have to spend 100 per cent of their income - by taxing their expenditure.

Apparently he believes that the expenditure of the low paid should be fully taxed, but the income of the highly paid should be open to tax minimisation.

Apparently in Dr Hewson's case it is okay to pass off as a business expense the normal costs of domestic housing.

If Dr Hewson confirms the suggestion in the Wallace book that he pretended a domestic and personal expense was a business expense, for the purposes of tax minimisation, legitimate questions arise about his approach to taxation and social equity.

His message to Australia is that in tax matters "you'll pay as I tell you through a GST", but with income tax "you'll pay only as needs be, upon advice from a tax accountant."

The message seems to be that if you can afford elaborate tax advice you can minimise tax, but if you are a wage and salary earner you'll pay on virtually everything you consume and every service you use.

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