

SUBMISSION ON THE TAX FORUM DISCUSSION PAPER

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Introduction

Business SA (formerly known as the South Australian Employers' Chamber of Commerce and Industry) is the State's leading business membership organisation, representing thousands of businesses through direct membership and affiliated industry associations.

We represent businesses across all industry sectors ranging in size from micro-business to multi-national companies. Business SA is the voice of business in South Australia and advocates on behalf of business to propose legislative, regulatory, policy and program reforms to ensure sustainable economic development in the State.

We deliver a wide range of integrated services to business, including:

- lobbying and representation
- workplace relations advice
- consultancy services
- wide-ranging training programs
- reference publications and handbooks
- international trade services
- management of apprenticeships and traineeships.

As the peak employer organisation in South Australia, Business SA is well placed in representing the interests of members across most industries in South Australia.

Business SA is pleased to make a submission to inform the Commonwealth Government's Tax Forum and looks forward to working collaboratively with all tiers of Government, the business community and the wider community in implementing necessary tax reform.

National tax reform overview

The upcoming Tax Forum is a major opportunity to develop a national tax reform program that will be significant, reduce the tax impost on business and make the tax system more efficient, equitable, simple, transparent and sustainable.

Such a national tax reform program needs to build significantly on the response to the Henry Taxation Review, which was relatively limited and not the “root and branch” reforms of the taxation system that were promised.

A low tax environment is vital for business to remain competitive, undertake investment, provide employment opportunities and facilitate a higher standard of living. Business SA believes that Australia should have a competitive business taxation system, that minimises imposts on businesses, complexity, red tape and compliance costs.

Business SA acknowledges that taxation is necessary for the functioning of responsible Government. It is particularly important for the Government to maintain a balanced Budget over the economic cycle and to ideally build surpluses that can allow for timely and well measured responses to sharp economic downturns and emergencies (such as natural disasters) when they inevitably arise.

The establishment of a sustainable tax system is becoming more important as the Australian population ages and the number of people aged over 65 and 85 form a growing proportion of the population. These segments of the population will require increasing levels of service in the areas of aged care and health care and the cost on the Federal Budget of rising pension payments needs to be funded. With the proportion of people in the working age cohort projected to decline over the coming decades, there will be fewer taxpayers to support a given number of older people. Therefore, without a shift away from income tax in the nation’s tax mix, the tax system may not be able to generate the revenue required to support the ageing population.

This is one of the many reasons why excluding consideration of the GST from both the Henry Taxation Review and the Tax Forum is so disappointing. Increasing the rate of the GST and expanding its base is the most obvious way to provide a sustainable tax system over the coming decades. With a rising population, the GST will provide a growing tax base – unlike the income tax system as the proportion of people in working age declines. It almost goes without saying that there would need to be a decrease in income taxes and an increase in welfare payments to offset the rise in living costs associated with raising the GST.

In the absence of increases to the GST, other taxes will need to rise or new taxes will need to be introduced to cater for the increasing demand for services described above. The business community is bearing the brunt of new and rising taxes, with a carbon price and a minerals resource rent tax being introduced, in addition to a rise in the Superannuation Guarantee Levy being phased in. The small cut in the company tax rate from 30% to 29% will have only marginal benefit, particularly since many small businesses are not incorporated.

This is a disturbing trend that has the potential to have a negative impact on Australia's productivity, competitiveness, ability to attract investment, grow jobs and generate higher levels of income and an improving standard of living for all Australians.

Indeed, a number of major risks continue to face businesses and a broad based economic recovery in Australia. These include expensive and limited access to finance, higher labour costs and an inflexible labour market, higher costs for electricity and water and concerns about the global economic recovery and financial stability, with weakness continuing particularly in Europe and the United States. Some industries are also being negatively impacted by the strong Australian dollar, such as manufacturing, tourism and education services. Imposing additional taxes will not help this situation.

Increasing the tax impost on business is not supported, particularly when no comprehensive, transparent and independent review of Commonwealth Government expenditure has recently been conducted to identify savings. All three tiers of Government should not be considering increasing taxes or revenues in the first instance, but rather should be focused on providing the services that are most needed. A review of Government spending should identify areas that the Government should not be involved in, such as the provision of services that do not have a public good element, as well as identify programs that are not operating effectively and either need to be improved or discontinued.

The Sustainable Budget Commission process conducted in South Australia is a good model for all Governments to pursue when reviewing potential cuts to expenditure and identifying the services that are most required by the community that should be provided by the public sector.

The Tax Forum Discussion Paper identifies that many of the taxes and charges levied at a State level, particularly the smaller ones that raise relatively little revenue, are the most inefficient taxes. The most inefficient State taxes and charges include conveyance and insurance duties and motor vehicle taxes. These taxes often have unreliable and volatile revenue streams, high compliance costs, lack transparency and significantly impact investment and other behaviour. Insurance duties can lead to underinsurance and stamp duties can result in businesses minimising their transactions and investment in property.

These State taxes should be abolished in conjunction with streamlining other taxes and intergovernmental revenue transfers. Indeed, the Henry Taxation Review recommended that "reforms to State taxes should be coordinated through intergovernmental agreements between the Australian government and the States to provide the States with revenue stability and to facilitate good policy outcomes."

An intergovernmental agreement should be established for these State taxes to be abolished, in return for higher revenue from the Commonwealth Government. Penalties could be applied in the form of withheld GST revenue if the taxes and charges are not abolished.

These agreements are vital to ensuring an adequate revenue stream into the future that will enable the provision of the higher services required by an ageing population.

The Henry Taxation Review also recommended that:

“Over time, a broad-based cash flow tax – applied on a destination basis – could be used to finance the abolition of other taxes, including payroll tax and inefficient State consumption taxes, such as insurance taxes. Such a tax would also provide a sustainable revenue base to finance future spending needs.”¹

Such a cash flow tax would involve taxing the difference between the cash inflows and cash outflows of businesses, excluding wages. If the tax base is broad and applied at a single rate, the efficiency of the taxation system would be improved. In addition, the compliance and administrative costs associated with such a cash flow tax would be significantly lower than with the current array of State consumption taxes and payroll tax.

Business SA supports in principle the introduction of a cash flow tax in parallel with the abolishment of other State taxes and charges. However, substantial consultation would be required to ensure its development and implementation were successful.

A preferred approach to a cash flow tax, as discussed above, would be to increase the rate and/or expand the base of the GST.

¹ Australia’s Future Tax System, Page 91

Tax reform priorities among businesses

Taxation is a key issue for the business community. In the lead up to the Federal Election, Business SA and the Australian Chamber of Commerce and Industry (ACCI) surveyed members on a wide variety of economic and business issues to determine their priorities for reform. Business SA conducted a similar survey prior to the South Australian State Election in 2010. These surveys included questions on taxation.

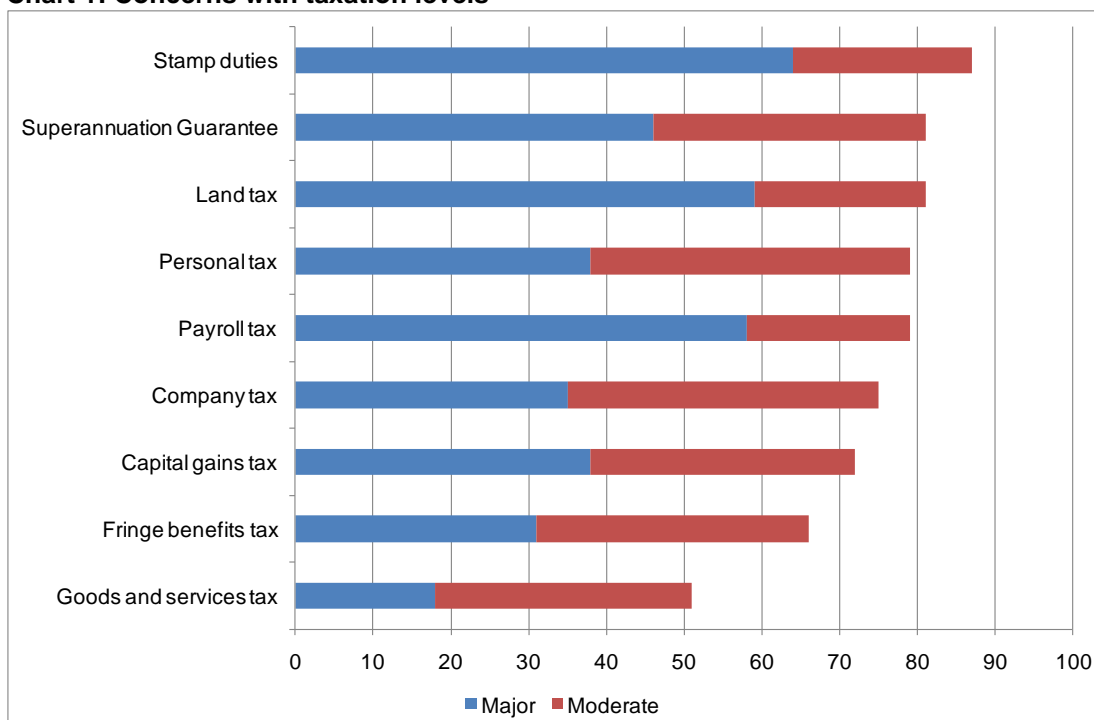
The Business SA/ACCI survey asked businesses what their major concerns were regarding economic issues. The data cited reflects the responses from South Australian businesses. The level of taxation was the second highest on the list of concerns, with 55 per cent of businesses responding that this was a major concern, only behind the level of Government spending (66 per cent).

Business SA's pre-State Election survey yielded similar results: 24 per cent of businesses indicated that the level of taxation was the most important issue facing businesses. This was second behind economic management by Government (28 per cent).

Among the key economic issues, 56 per cent of respondents highlighted taxation as a major concern. This compared to 45 per cent for the level of government spending, 31 per cent for the availability of finance and 26 per cent for skills shortages.

Chart 1 shows the detailed results from the Business SA/ACCI regarding business concerns with taxation levels.

Chart 1: Concerns with taxation levels

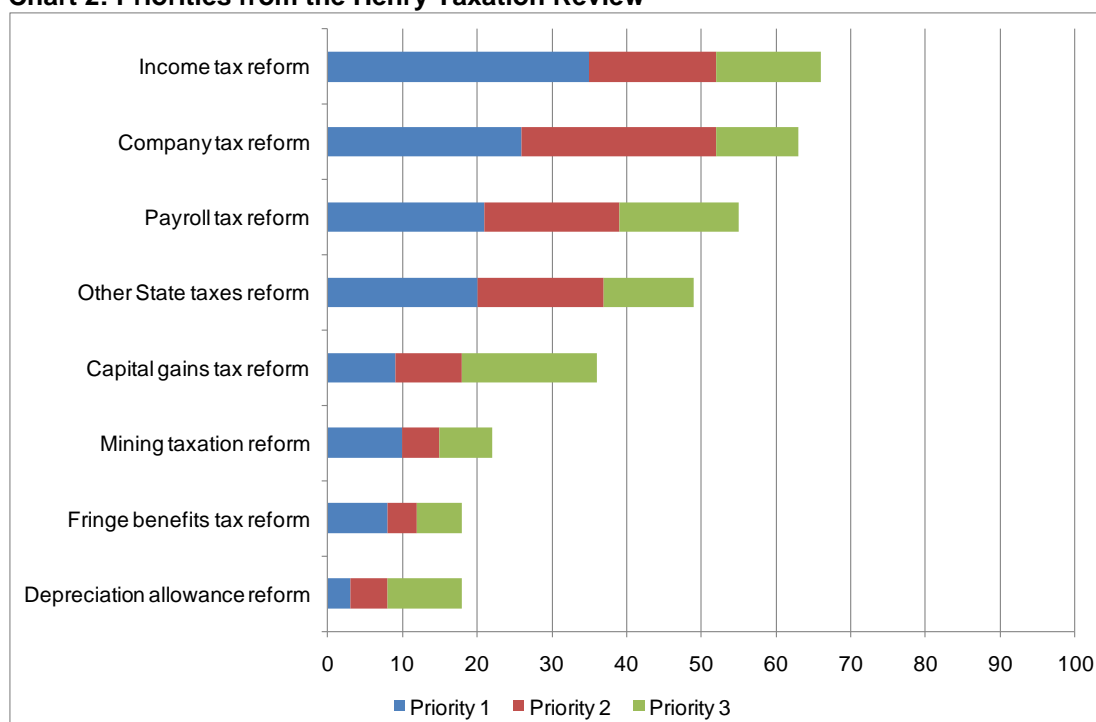


While the levels of several taxes were of major or moderate concern to businesses, the taxes of major concern were the State-based taxes: stamp duties (64%), land tax (59%) and payroll tax (58%). The Superannuation Guarantee was also of significant concern to businesses and the increase in the levy from 9% to 12% announced in the Budget will add substantially to business costs.

Indeed, 74% of respondents strongly agreed or agreed with the statement that “an increase of the superannuation guarantee charges from the current level of 9% to 12% would impact on my capacity to employ.”

Businesses responding to the pre-Federal election survey were also asked to indicate their taxation reform priorities. The two highest priority areas for taxation reform were income tax and company tax, while reform to payroll taxes and other State taxes were also considered to be very important.

Chart 2: Priorities from the Henry Taxation Review



The Business SA pre-State Election survey also revealed concerns with State taxes. Land tax and payroll tax were highlighted as the major concerns, followed by red tape issues with taxation. The GST was the lowest on the list of taxation concerns.

Personal tax and transfer payments

The personal tax and transfer payment systems are a complex, but vital part of the tax system that seeks to ensure that income and wealth is distributed equitably across the community.

With an ageing population, it is likely that the revenue to be generated from personal income tax will fall at the same time as the amount of money that is needed to be transferred will rise. For the overall taxation system to cope with this, it will be necessary to reduce reliance on the personal income tax system.

Business SA considers that this can be done in a way that provides greater incentive to work, reduces the tax impost on unincorporated small businesses and reduces distortions between the personal and company tax systems. In particular:

- the top personal income tax rate should be gradually reduced to the same level as the company tax rate
- other marginal personal income tax rates should be reduced
- the number of income thresholds should fall
- the tax free threshold should be increased and the low income tax offset should be reduced and ultimately abolished
- bracket creep should be abolished through the annual indexation of taxation thresholds.

Some of the reduction in revenue from the changes to the personal income tax system outlined above could be offset by reducing the plethora of deductions and offsets that currently exist in the system. This will also make the tax system less complex and more transparent. Where necessary, the offsets and deductions that are removed can be replaced with transfer payments.

Also, a greater focus needs to be placed on ensuring that transfer payments go to those most in need and are not “middle-class welfare.” Significant savings can be made in this area, but care needs to be taken around designing means tests and thresholds to ensure that effective marginal tax rates do not provide a disincentive to work.

Negative gearing falls into a similar category of “middle-class welfare”, with many of the benefits of this feature of the tax system flowing to people who are relatively well off. Unfortunately, this is another area, like the GST, that is not being considered at the Tax Forum. However, the savings to the Federal Budget that could be made from abolishing negative gearing are substantial. In addition, the distortionary impact that negative gearing has on investment decisions, favouring relatively unproductive property over other potentially more economically beneficial investments, would be removed. Indeed, at a time when business finance is expensive, abolishing negative gearing would provide a shift in investment that could be used to help fund the growing pipeline of resource projects.

Another area in need of reform is the Fringe Benefits Tax (FBT). The broadening coverage of FBT has made it unduly complex and has added to the costs of doing business by increasing the tax compliance burden. Simplification is required.

Business SA supports part of recommendation nine from the Henry Taxation Review that the liability of FBT be shifted from the employer to the employee where the liability can be easily identified by employee.

The change to the FBT treatment of motor vehicles, which removes the incentive for owners to drive further, is supported.

Business tax

A low tax environment is vital for business to remain competitive, undertake investment, provide employment opportunities and facilitate a higher standard of living. Business SA believes that Australia should have a competitive business taxation system, that minimises imposts on businesses, complexity, red tape and compliance costs.

As revealed in the Tax Forum Discussion Paper, Australia had the third highest company tax rate in the OECD in 2009 at 30% (behind the United States and Japan at 40% and Belgium and France at 35%). Australia also had the second highest proportion of revenue sourced from company tax, behind only Norway. This is likely to limit Australia's competitiveness and investment attractiveness.

Business SA thus supports the Henry Taxation Review Recommendation 27 to reduce the company tax rate to 25% over the short to medium term. The small reduction in the company tax rate from 30% to 29% will have marginal benefit.

Many businesses are currently struggling in the slow lane of the two-speed economy and tax changes that help maintain cash flow are vital. Business SA supports the Henry Taxation Review Recommendation 31 that would enable businesses to carry back a revenue loss to offset it against the prior year's taxable income.

Business SA also supports the Henry Taxation Review Recommendations 29 and 30 to raise the immediate write-off threshold for small business capital assets to \$10,000 and to increase the small business entity threshold to \$5 million. In addition, these thresholds should be indexed so that their real value is maintained over time. The \$5,000 and subsequently \$6,500 write-off threshold that was announced by the Commonwealth Government is a good start and will provide cash flow benefits to businesses.

Business SA believes that Capital Gains Tax (CGT) has a number of negative impacts and therefore needs to be reduced. In particular, CGT tends to discourage entrepreneurship, investment and risk taking. Lowering the tax rate of CGT would be likely to encourage the realisation of capital gains, which would increase the efficiency of capital allocation, as well as encourage capital investment.

Small businesses currently benefit from a number of CGT concessions and Business SA urges that these be retained, including:

- a 50 per cent discount for the sale of active business assets
- the 15 year exemption that means that CGT does not apply to assets that have been owned by a small business for longer than 15 years
- a retirement exemption for capital gains made on active assets up to a lifetime limit of \$500,000 per individual
- a small business roll-over, which allows deferral of a capital gain made on an active asset if within two years the proceeds are re-invested in another business asset.

There are also a number of other business taxes that are levied at a State level, such as payroll tax, stamp duties and insurance taxes and these are discussed in the next section. The rest of this section focuses on the Minerals Resource Rent Tax and the Superannuation Guarantee Levy.

Minerals Resource Rent Tax

Regarding the taxing of non-renewable resources, it is important first to note the analysis by KPMG Econtech, highlighted in the recent Tax Forum Discussion Paper, which identifies royalties as one of the two most inefficient taxes. The analysis also identified the petroleum resource rent tax as the most efficient tax. Taxing above-normal profits is better than taxing mining output. Business SA is therefore supportive of using resource rents as the basis to tax what are publicly owned resources and particularly to use the revenue generated to improve infrastructure, especially in regional areas.

However, the design of the Minerals Resource Rent Tax (MRRT) is flawed. There will soon be two mining tax regimes in place. Indeed, while companies subject to the MRRT receive a refund from the Commonwealth Government on the State mining royalties that they also pay, the administrative and compliance costs of two different resource tax regimes are far higher than they should be.

A better alternative would be an intergovernmental agreement that encourages State Governments to dismantle their mining royalty regimes and replace them with either State-based resource rent taxes or with a Commonwealth Government resource rent tax package that ensures an appropriate distribution of the revenue.

In addition, improving incentives for exploration also needs to be considered, such as a rebate or a “flow through shares scheme”, as promised during the 2007 Federal election campaign.

Superannuation Guarantee Levy

Business SA does not support the one third increase in the Superannuation Guarantee Levy (SGL) from 9% to 12%. While the increase is being applied in increments between 2013-14 and 2019-20, the rising costs for businesses will be substantial, particularly for small businesses. There is also likely to be a negative impact on employment levels.

The rise in the SGL is particularly disappointing as it was not recommended by the Henry Taxation Review and is in direct breach of the Commonwealth Government’s pre-election commitment in 2007. A number of recommendations within the Henry Taxation Review and subsequently the Cooper Review into Superannuation would result in a more efficient, transparent and sustainable system of superannuation for retirees at less cost to employers if they were implemented, rather than imposing an increase in the SGL. Certainly there is scope for superannuation fees to be reduced and operations within the superannuation industry to improve, that would result in that industry being no worse off, lift retirement incomes and reduce costs to employers.

The development of an appropriate retirement incomes policy should occur in consultation with employers. Such a policy should minimise the increase in costs to employers and acknowledge that the beneficiaries of retirement income policies should make some contribution to their own retirement incomes. In particular, there needs to be greater incentives for individuals to contribute to their own retirement incomes.

State taxes

Numerous reviews and reports, including the Henry Taxation Review, the Institute of Public Affairs report and a report from The Centre for International Economics (CIE) *State Business Tax Reform* highlight the inefficient nature of many State business taxes. The CIE report also describes that many State business taxes provide an unreliable and unpredictable revenue stream, impose high compliance costs on business, are distortionary, harm competitiveness and lack transparency. These State taxes include stamp duties, insurance taxes and similar transaction based taxes.

The best approach would be for these taxes to be abolished. However, there are two major and related barriers to this approach:

- State business taxes provide a significant revenue stream for the State Government and in most cases, a growing revenue stream
- A growing revenue stream is required to cater for an ageing population.

Payroll tax is a primary example of a business tax that provides a significant and growing revenue stream for the State Government. Payroll tax accounted for 32 per cent of South Australian taxation revenue in 2009-10 and increased from \$559 million in 1999-2000 to \$1089 million in 2009-10.

With an ageing population, there needs to be a more robust taxation system to provide for the increased level of services that will be required. Reform is needed so that there is less or no reliance at all on payroll tax, stamp duties and other inefficient State taxes and that greater revenue is sourced from the GST or some other broad based tax.

South Australia has one of the most burdensome business tax systems in the nation. It has one of the lowest tax free thresholds for payroll tax and the highest land tax impost of all States and Territories, despite changes announced in the lead up to the State election last year.

The latest Institute of Public Affairs (IPA) report on State business taxation *Business Bearing the Burden 2010* highlights that, for the second year in a row, South Australian businesses endure the highest State business tax impost. A 'reference business' in South Australia paid almost \$282,000 in State business taxes in 2010, around 7 per cent more than the average 'reference business' of all States and Territories. This reflects:

- a much higher land tax impost in South Australia, which is about double the average of all States and Territories (for the 'reference business')
- higher stamp duties in South Australia than most other States and Territories, apart from Victoria and the ACT
- higher payroll tax for smaller businesses in South Australia, due to the relatively low tax free threshold, but the impost falls for larger businesses relative to most other States (apart from Queensland and Victoria), due to a lower tax rate.

Indeed, South Australia still has one of the least competitive land tax regimes in Australia. The State has the largest land tax impost of any State and Territory for commercial properties valued above \$2 million. South Australian businesses with properties valued at \$3 million are paying anywhere between 82 per cent and 325 per cent more land tax than their interstate counterparts.

These high taxes discourage investment and employment and can result in businesses being inefficiently smaller than they would have been otherwise. Businesses that are setting up or deciding where to locate can even choose to make other States their home as a result of the higher tax impost in South Australia.

Many of the taxes and charges levied at State level, particularly the smaller ones that raise relatively little revenue, are highly inefficient and should be abolished in conjunction with streamlining other State taxes and intergovernmental revenue transfers. Indeed, the Henry Taxation Review recommended that “reforms to State taxes should be coordinated through intergovernmental agreements between the Australian government and the States to provide the States with revenue stability and to facilitate good policy outcomes.”

An intergovernmental agreement should be established for these State taxes to be abolished, in return for higher revenue from the Commonwealth Government. Penalties could be applied in the form of withheld GST revenue if the taxes and charges are not abolished.

These agreements are vital to ensuring an adequate revenue stream into the future that will enable the provision of the increased services required by an ageing population.

In the *Commonwealth Bank Business SA Survey of Business Expectations* June quarter 2010, an overwhelming 98 per cent of respondents strongly agreed or agreed with the statement that “the Commonwealth Government should provide a comprehensive response to the Henry Taxation Review and in particular outline a process for reforming State taxes so that they are more efficient, equitable, transparent and simple to administer.”

The Henry Taxation Review also recommended that:

“Over time, a broad-based cash flow tax – applied on a destination basis – could be used to finance the abolition of other taxes, including payroll tax and inefficient State consumption taxes, such as insurance taxes. Such a tax would also provide a sustainable revenue base to finance future spending needs.”²

Such a cash flow tax would involve taxing the difference between the cash inflows and cash outflows of businesses, excluding wages. If the tax base is broad and applied at a single rate, the efficiency of the taxation system would be improved. In addition, the compliance and administrative costs associated with such a cash flow tax would be significantly lower than with the current array of State consumption taxes and payroll tax.

² Australia’s Future Tax System, Page 91

Business SA supports in principle the introduction of such a cash flow tax in parallel with the abolishment of other State taxes and charges. However, substantial consultation would be required to ensure its development and implementation were successful.

A preferred approach to a cash flow tax would be to increase the rate and/or expand the base of the GST.

Environmental and social taxes

Business SA believes that environmental and social taxes should only be applied where significant negative externalities exist and where imposing such taxes does not reduce Australia's competitiveness relative to other countries. Road transport, pollution, tobacco products, alcohol and gambling are the main areas where raising prices through taxes and hypothecating at least some of the revenue has a role to play in improving economic, social and environmental outcomes.

Road transport related charges are varied and include motor vehicle registration, compulsory third party insurance and fuel excise. There are differences based on fuel type and vehicle size that are intended to account for the differential impacts on the environment and road damage.

The costs and benefits of introducing road user charges that directly account for congestion and road damage need to be analysed closely. Heavy vehicle charges on the basis of mass, roads used and distance travelled are likely to be useful in providing incentives to minimise road damage and signalling where road investment is required. Utilising the most appropriate technology will play a major role in determining the success of road user charges. In addition to funding road maintenance and infrastructure investment in new and expanding roads, some of the revenue from such charges should be used to improve public transport networks.

Consideration needs to be given to how successful road user charging will be in reducing urban road congestion, since the majority of workers commute during two almost set time periods. Such charges may have little impact if there isn't more flexibility in workplaces regarding starting and finishing times at work and may only result in diverting road users off the major roads, where charges apply, to clog up minor and mostly residential streets. This would be a perverse outcome.

Carbon price

Business SA does not support the introduction of a carbon price in Australia in the absence of commensurate policies being implemented by our major trading partners, competitors and major carbon emitters. This view reflects that of the Australian Chamber of Commerce and Industry, of which Business SA is a member, as well as the view of the bulk of our own members.

Business SA conducts a *Survey of Business Expectations* every quarter and in the March 2011 survey, businesses were asked a number of questions on carbon pricing and related issues. Some of the key results were:

- 69% of businesses do not support the introduction of a carbon price
- 85% of businesses believe that a carbon price will have a negative impact on their business
- One in eight businesses did not know the difference between a carbon price and an emissions trading scheme.

The survey also asked what businesses would most like Governments to do in combating climate change. Encouraging energy efficiency and increasing research and development on new technologies were the most preferred options (40% of businesses each), followed by planting trees (9%). Only 6% believed that introducing a carbon price was the best approach.

It is pleasing that the Commonwealth Government and other Governments are implementing policies and programs that will encourage energy efficiency and that support research and development on new technologies.

While Business SA does not support a carbon price, the reality is that one is very likely to be introduced. Thus, we believe:

- a carbon price should be kept at a low level that is commensurate with either actual or shadow carbon prices existing among major trading partners and major carbon emitters
- sufficient compensation should be provided to emissions intensive trade exposed businesses (including small and medium sized enterprises) that will suffer a reduction in competitiveness as a result of the carbon price – this could be done directly for large and some medium-sized businesses and through a tax rebate for SMEs
- sufficient compensation should be provided to households that will suffer higher living costs as a result of the carbon price
- transport fuels should be included in the system and not offset by a reduction in fuel excise – any compensation for higher transport fuel costs should be via the mechanisms above
- structural adjustment funding should be available for those regions that are severely impacted by reductions in economic activity that result from a carbon price – this should include training and relocation costs where appropriate
- there should be a mechanism that ensures energy security while the transition to low-emissions technology energy sources takes place – this may take the form of direct compensation to power plants or agreements to stagger closure of the most polluting power plants
- a legislative and regulatory framework needs to be established that will allow the building of nuclear energy plants when they become economic with a carbon price
- some of the revenue should be used to encourage research into and the development of low emissions energy sources, particularly those with baseload potential, such as geothermal
- there will need to be a substantial education (not political) campaign to inform all stakeholders – businesses and households alike – of the carbon price and its impacts.

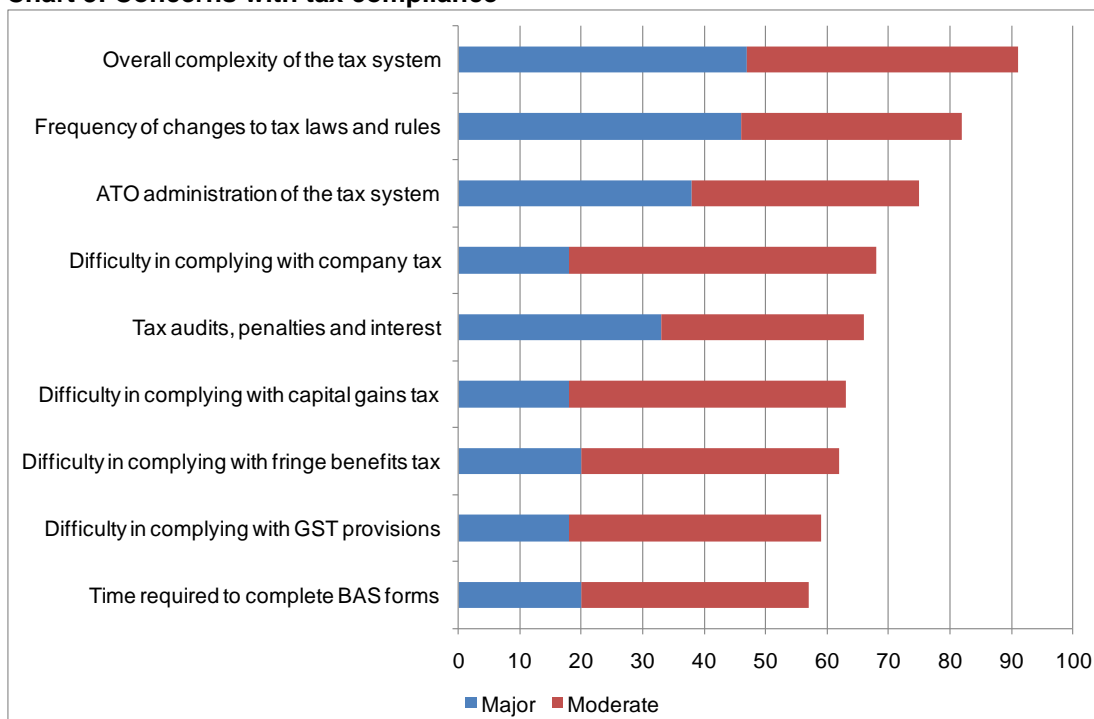
Tax system governance

The tax system is complex and not always transparent. Complying with the tax system can be onerous, costly and time consuming for some individuals and businesses.

Greater efforts are needed to reduce the complexity and improve the administration of the tax system, while at the same time maintaining and improving the integrity, equity and efficiency of the system. Developments in and the greater utilisation of technology provide opportunities to do this, with electronic lodgement and pre-filling of documentation expected to simplify compliance considerably. Streamlining business reporting and minimising the duplication in reporting requirements are also important.

In responding to the Business SA/ACCI pre-Federal Election survey, businesses highlighted a number of concerns and difficulties with tax compliance. Over 90% of respondents to the survey indicated that they had a major or moderate concern with the overall complexity of the tax system. Over 80% indicated a similar level of concern with the frequency of changes to tax laws and rules and around 75% were concerned with the ATO administration of the tax system. Businesses considered company tax the most difficult tax to comply with, followed by capital gains tax, fringe benefits tax and the GST.

Chart 3: Concerns with tax compliance



The plethora of State taxes are also a problem for businesses. In responding to the Business SA pre-State Election survey, businesses indicated that they were as concerned with the overall complexity of the State tax system as they were with payroll tax (45%). The frequency of changes to tax laws and rules (39%) and the time required to complete State tax paper work (36%) were also significant concerns.

Abolishing many of the inefficient and small revenue-generating State taxes and replacing them with fewer and more efficient taxes, as recommended in the National tax reform overview and State taxes sections, will improve the governance and reduce the compliance costs of the tax system considerably.