

# AUSTRALIAN TAX REVIEW

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EDITORIAL – *General Editors: Dale Pinto and Kerrie Sadiq*

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## ARTICLES

**Introduction to Special Issues on Australian Tax Reform – Ken Henry AC** ..... 4

**Tax Reform: Lessons from History – Paul Tilley**

Australia’s history is sprinkled with tax reform attempts – some successful, some not. This article explores that history, from the establishment of the *Constitution* at Federation in 1901 and the 1942 unification of income tax, through the seminal Asprey review in 1975 that set up the major tax reforms in the 1980s and 1990s, to the lack of reform this century. It will examine the roles of foundational reviews, that establish the case for reform, and determinative reviews, that implement reform. It will also look at the review processes available to governments, ranging from formal external reviews to internal processes. What ingredients have enabled past reform exercises to work (or not)? How do we assess the quality of Australia’s tax reforms? What lessons are there for the design of Australia’s next tax reform exercise? ..... 6

**Income Taxation: An Institution in Decay – Still – Graeme S Cooper**

This article evaluates the experience to date with the modern drafting style seen in tax legislation, employing vague terms and expressing rules in an imprecise and uncertain form, and argues that the results of the drafting experiment have been disappointing. The claimed benefits of imprecise drafting have not been achieved, while the expected problems have occurred. .... 15

**Design Options to Reform State Property Taxes – John Freebairn**

The comparative efficiency, equity, and simplicity attributes of different details of a reform package to replace current conveyance duty, narrow base land taxes and special taxes on insurance imposed by the states are assessed. Option details for the replacement annual property tax include land or improved value as tax base, flat or progressive tax rate schedule, and transition path. To minimise changes in the distribution of the tax burden while reaping most of the efficiency gains, the article argues for a land base, progressive rate schedules which differ for owner occupied, rental and commercial property categories, and a transition path along the lines of the Australian Capital Territory phased switch to the replacement tax or provide some credit for recent payers of stamp duty. An option to allow the liquidity constrained to carry forward the annual property tax is supported. .... 30

