

Labor 'highest taxing government': Frydenberg

John Kehoe, Senior Reporter, Apr 11, 2019 — 10.30pm

A Treasury analysis projects that Labor would be the biggest-taxing government in history, imposing up to \$387 billion in higher taxes on the Australian economy.

Treasurer Josh Frydenberg on Thursday night released Treasury figures to argue that Labor's projected tax-to-GDP ratio would hit 25.9 per cent in a decade.

The Coalition has capped its tax-to-GDP at 23.9 per cent and pledged deep income tax cuts to be phased in over the next five years.

Labor shadow treasurer Chris Bowen on Wednesday said Labor's tax take would be around the same levels as the Howard government and low by international standards. He cited KPMG estimates suggesting the tax-to-GDP would be 24.2 per cent of GDP by 2023 - the official end of the four-year budget estimates period.

The Coalition, via a Treasury analysis, has projected out Labor's tax rises to 2029-30 and appears to have assumed there would be no new tax cuts announced by a Shorten government between now and then.

"Whatever Labor promises is funded on the back of \$387 billion of new taxes on your income, your house, your savings and your super," Mr Frydenberg said in a statement. "Australia cannot afford Labor. It's taken the Coalition years of responsible economic management to fix Labor's budget mess." "Bill Shorten's taxes not only stifle aspiration but they will also hurt the economy, costing jobs and putting at risk the essential services Australians rely on."

Mr Bowen tweeted on Thursday night that Mr Frydenberg was releasing "dodgy Treasury costings of Labor policies. "Given Treasury has said repeatedly they don't cost Labor's policies, someone's got some explaining to do," said Mr Bowen, who has previously criticised former Coalition staffer Philip Mr Gaetjens being appointed Treasury secretary last year.

The Coalition said Labor's higher taxes over a decade included rejecting \$230 billion of the Coalition's personal income tax cuts, \$6.5 billion from a 2 per cent budget repair levy imposed on high-income earners until 2023, curtailing negative gearing and capital gains tax breaks by \$31 billion, \$57 billion on

"retirees" from ending cash refunds of franking credits for lightly taxed investors, \$24 billion from introducing a 30 per cent minimum distribution tax on family trusts, higher superannuation taxes of \$34 billion and \$2 billion by putting a \$3000 cap on tax deductions for managing personal tax affairs.

Labor has earmarked some of the money for health, education and bigger budget surpluses to pay down government debt. Mr Bowen said on Wednesday that the government's overall tax take is "important for Australia's competitiveness." "Under a Labor Government, Australia would have a lower tax take than Japan, New Zealand, Canada, United Kingdom, Germany, Netherlands and most other OECD economies," Mr Bowen said. "In fact, we would remain in the bottom third of all comparable OECD economies."

The Coalition is pledging personal income tax cuts costing about \$300 billion over a decade.

Labor has rejected about \$226 billion of the stage two and three Coalition income tax cuts due to commence in 2022-23 and 2024-25, arguing they are fiscally reckless, unfairly favour high income earners and too distant to be believed.

The Morrison government's income tax pledge includes a top marginal rate of no more than 30 per cent for people earning between \$45,000 and \$200,000 from 2024-25.