

apologies....sent before finishing.

Visiting home - discouragements

- we need to balance this with the contributions and benefits of people living and working overseas including:
- welcoming their visits - often they will be back like a tourist, there's a feeling of nostalgia even, spending more than they would if living here, enjoying all the local goods and services they missed abroad, spending time and money on family and friends. They contribute consumption expenditure and GST revenue to the economy.

Leaving abroad - discouragements

- knowing living abroad they have two tax offices to deal with fighting to tax the same income, can be a disincentive.
- tax policy should encourage Australians to try living abroad because there are short and long term benefits to Australia
- while away, they don't compete for local Australian jobs, meaning more opportunities for those living here.
- studies show the majority return to Australia within 2 years. How much tax revenue on foreign income after tax credits and treaties is at stake ? How much ATO resources should be devoted to raising assessments ? What precedential value do cases based on facts and circumstances have, worth litigating ? Any, this is a digression.
- many sacrifice financially and emotionally to go abroad, having to sever ties, re-establish themselves in a foreign land.
- working professionals often move back to Australia to raise a family or retire. They work hard and build wealth from the resources and infrastructure of a foreign land. They bring the wealth back to Australia and spend it on Australian goods and services. Akin to helping grow the Australian economy as an Australian export, and then back as an investor migrant.
- they often pay their own way rather than come back to collect social welfare.
- they bring valuable overseas experience to help Australia become more competitive.
- while away, they speak with pride that they are Australians, how it is a beautiful country, and they help sell Australia and encourage more foreigners to travel to Australia, spend, and do business with Australians.
- treated with dignity, respect and minimal intrusion on their lives by their Australian government, Australians abroad are like ambassadors for their country.
- leaving to go abroad is not easy. Sometimes it is simply to help the family earn more rather than take a dole cheque from the government. Sometimes the individual's potential can only be reached challenging themselves abroad.

One point is to what extent do Australia's tax collection tests need to probe into every aspect of an individual's life ? Every factor in their life then becomes a stressful "can I or should I not" do this and that at the risk of a huge unexpected tax payment. It would be sad if the outcome is an individual had to factor in a tax residency test to decide whether they can come back to nurse and spend time with their dying elderly parent.

Australia taxing foreign income

When should this happen ?

- when an individual is no different to an ordinary individual treating Australia as home. Again the degree of permanence (including duration) to be called home is by its nature arbitrary. The test will either be unfair to some because it has to be arbitrary to create certainty. Or unfair because it is overly burdensome and probing for both the individual and the tax officer to comply and administer respectively.
 - if there is no better alternative to having a residency test, what can be the indicia attributable to an individual treating Australia as their home ?
1. personal declaration test: - which jurisdiction do you consider is your home and for how long do you consider it your home ?

2. reference test: - in an emergency, in which jurisdiction do your family and employer expect to locate you ?
3. physical test: - in which jurisdiction do you spend most of your nights and please provide evidence ?
4. consumption test: - in which jurisdiction do you most undertake life's basic daily necessities (eating, sleeping, showering, watching tv/browsing internet). Rulings can be given on the types of evidence.
5. income test: - for a salary and wage occupations (other than designated ones inherently needing physical travelling like air crew), in which jurisdiction do you most work out of ?

Aside: with technology, greater global connection, and greater mobility in all facets of life, increasingly it is harder to have tests that allocate individuals to one jurisdiction over another, even for Australians with a home in Australia. So perhaps to help a tax collector, a more suitable test is one that goes straight to the heart of the issue. What foreign source income of an individual should the tax collector seek to tax ?

Balancing issues of potential size tax revenue (including credits and treaties), resources needed to collect it and take cases to court, technical complexity to administer, social impacts, privacy impacts, the individual behaviours we wish to encourage or discourage, Australian values, suitability to this taxpayer demographic, taxpayer respect for the law, their government, even their country.

Thank you for your time. This is what comes to mind so far. Apologise if some of the points are a bit off the cuff. I was only aware of this policy review late. Happy to contribute more thoughts and ideas to helping design a simpler, fairer set of tax rules.

I do wish to participate in further submissions and wish to be consulted on other aspects of this review.

Regards,
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