

5 Amy Court
MENTONE 3194

27.4.2002

Ph: 9583 5407

The Secretary
Board of Taxation
the Treasury
PARKES A.C.T. 2600

Dear Sir or Madam

TAX VALUE METHOD

As invited in the overview published in March 2002, I submit an opinion on the Tax Value Method of calculating taxable income.

My concern is with tax evasion, either deliberate or accidental. I believe the self-assessment initiative introduced a few years ago made evasion more likely, and I believe this proposal makes it more so.

T.V.M. appears to be effectively single-entry book keeping and to have all the inherent risks of error through omission or oversight.

I would compare it with having only a reconciliation of net earnings with source and application of funds statements, rather than a full statement of financial performance and position.

By focusing on the position at beginning and end balance dates, the records which, by omission or overstatement, lead to any understatement of taxable income during the year, are ignored.

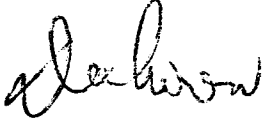
Surely the largest single type of returns to be assessed - salary and wage earners - will still have to be focused on income through the PAYG statement and listing deductions.

Incidentally, referring to page 12 and footnote 26, what business taxpayers do not currently prepare formal accounts? Surely you still require double entry accounts to verify the figures in the return, even if you no longer require those accounts to be submitted to you?

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I write both as a taxpayer keen to know that everybody pays his or her due share of taxation and as a tax agent who has prepared returns for honest and careful taxpayers for many years.

YOURS FAITHFULLY

A handwritten signature in cursive script, appearing to read "Donald C. McLaren".

Donald C. McLaren