

ACMA submission to the review of Australia's tax system

ACMA has responded to the call for submissions from the Australian Government's Tax System Review Panel on effective ways to improve and reform Australia's tax system. The submission is based on ACMA's experience with industry-specific taxes and charges.

ACMA collects more than \$700 million in revenue annually for the Commonwealth. This means ACMA is the third largest Australian Government collector of taxes and levies (after the Australian Taxation Office and the Australian Customs Service), and the seventh largest collector of Commonwealth revenue.

ACMA collects revenue annually through licence fees for broadcasting, radiocommunications and telecommunications; and charges for telecommunications numbers. It also collects large amounts of revenue on an irregular basis from allocating radiocommunications licences with lengthy terms (over \$3 billion between 1997 and 2001).

Many of the existing taxes in communications have been developed over time independently of each other, resulting in inefficiencies and inconsistencies. This in turn results in higher than necessary costs to both ACMA and industry.

To improve economic and administrative efficiency, ACMA considers that the 'normal' approach to collecting Commonwealth revenue should be through broad-based taxes such as company tax. ACMA questions the efficiency of the current sector-based taxes that it collects.

Further, ACMA believes that there is considerable scope to simplify the range of taxes that it collects, for better economic and administrative efficiency. This is particularly

so when a number of charges are imposed on the same revenue base, as in the case of the telecommunications industry. The table below shows taxes and charges that are imposed separately on the telecommunications industry.

ACMA believes not only that its current methods of raising revenue should be significantly simplified, but also that this would have little or no impact on overall Commonwealth revenue. Simplification would reduce the associated compliance burden on industry and the market distortion caused by narrow-based taxes.

The Secretariat of the Tax Review expects to release a consultation paper and second call for submissions before the end of 2008. ACMA will

consider making further submissions to the tax review once it has reviewed the consultation paper.

The final report and recommendations to the government of the review are expected before the end of 2009.

The tax review website is <www.taxreview.treasury.gov.au/content/Content.aspx?doc=html/home.htm>.

First round submissions, including the ACMA submission, are available from <www.taxreview.treasury.gov.au/content/submission.aspx?round=1>.

For further information regarding ACMA's submission, please contact Mark Loney: (02) 6219 5323, <Mark.Loney@acma.gov.au>.

Name of tax or charge	Basis	Revenue collected 2007-08 (\$m)
Annual Numbering Charge	Levied on telephone numbers held by Carriage Service Providers	60
Universal Service Obligation Levy	Levied on the revenue of all licensed carriers	158
Annual Carrier Licence Charge	Levied on the revenue of all licensed carriers	37
National Relay Service levy	Levied on the revenue of those licensed carriers with eligible revenue more than \$10 million	12

