

- The Commonwealth budget is heavily reliant on taxing income (both personal and business income), which is reflected in high marginal and average tax rates.
- The ageing population means fewer people are paying personal income tax; a large proportion

of working Australians pay no tax in net terms; and concessions and complexities are a feature.

• The burden of income tax borne by high-income earners risks undermining work incentives, while high corporate income taxes are an impediment to attracting foreign capital.