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General Editor's introduction

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When it comes to tax avoidance, some things never change and solutions are hard to find. On the one hand, the cash economy appears to be alive and well with the Australian Taxation Office (ATO) recently reporting that almost 2500 businesses in Geelong and 700 businesses in Wagga Wagga may be deliberately concealing income to evade tax and obtain an unfair advantage over their competitors. The ATO Senior Assistant Commissioner Michael Hardy said businesses in the building and construction industry, restaurant and cafés, hairdressers and beauticians are more likely to be involved. On the other hand, at the big end of town in an internet world, profit shifting has taken on a new dimension. As Commissioner Jordan noted this month, “multinationals operate seamlessly across borders and take a global, top-down view to structure their operations across countries for maximum economic advantage”.¹ The Commissioner has “stepped up our efforts to ensure that multinationals pay tax in Australia on the income they earn here. Working with the G20, OECD and other partner tax administrations, we have been mapping the global operations of some multinationals that operate in the digital economy”.²

In this month's edition, Kelvin Ng's timely article, “Payroll tax: the broadening scope of employment agency provisions” examines payroll tax liability in respect of amounts paid or payable by organisations to contractors, ie, arrangements falling outside the employer/employee relationship. In doing so, Ng considers the recent cases of *CXC Consulting Pty Ltd v Cmr of State Revenue* (regarding the services of the IT workers); *Freelance Global Ltd v Chief Commissioner of State Revenue* (regarding the services of the IT workers); and *Health Service Pty Ltd v Chief Commissioner of State Revenue* (regarding the services of qualified workers).³ In this tricky area of law, Ng adeptly finds that these

recent decisions confirm the broadening scope of the employment agency provisions, and the potential for “employment agency contracts” and resulting payroll tax liabilities to arise in unexpected situations.

Sylvia Villios, Lidia Xynas, Michael Blissenden and I examine two of the *Australia's Future Tax System Review's* recommendations: to reduce the company income tax rate to 25%; and to introduce a uniform resource rent tax in our article “Reducing the company tax rate and abolishing the MRRT: a step forward or back?”.⁴ The article first notes the benefits and costs of a lower company tax rate and argues for gradual change as a way forward. Second, the article highlights the policy justification for a uniform resource rent tax and sets this against the problematic Australian experience with the repealed Mineral Resource Rent Tax.



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Footnotes

1. Commissioner Chris Jordan “Commissioner's address to the Tax Bar Association” (6 November 2014).
2. Above, n 1.
3. *CXC Consulting Pty Ltd v Cmr of State Revenue* [2013] VSC 492; BC201313475; *Freelance Global Ltd v Chief Commissioner of State Revenue* [2014] NSWSC 127; BC201401014; *Health Service Pty Ltd v Chief Commissioner of State Revenue* [2014] NSWCATAD 83; BC201404909.
4. This article was subject to an independent review.