

Submission to the Productivity Commission: Remote Area

Tax Concessions and Payments

15 April 2019

In 2016 I was living and working in Darwin and was a beneficiary of being eligible for an Isolated Area Zone Tax Offset of \$338. I compared this benefit with the cost of living in Darwin because of it being an isolated area. My view was that the tax offset fell well short of compensating for the extra payments for food, petrol, electricity and travel. I researched the tax benefits and concessions that currently existed to encourage individuals to live and work in the north of Australia and the type of tax benefits that could be provided to encourage economic development. In 2017 the results of my research were published in the *Journal of the Australasian Tax Teachers Association* which focused on the taxation benefits and incentives both past and present which exist in the north of Australia. A copy of the paper is attached. At the time I was concerned that the population of northern Australia was not growing and the increasing need to attract investment to develop the north. I examined the 'White Paper' and the 'Pivot North – Inquiry into the Development of Northern Australia' in terms of the possibility of establishing a special economic zone. I also examined the need to provide tax incentives to encourage individuals to live in the north.

While this submission does not directly respond to all the issues raised in this Productivity Commission inquiry, it does cover the isolated zone offsets and the need for more tax concessions if the north of Australia is to develop and grow. The Constitutional issues surrounding the tax concessions are also discussed in the paper.

I recommend consideration of my recommendations contained in my attached paper titled – *'The economic development of Northern Australia: a critical review of the taxation benefits and incentives both past and present and the potential taxation options for the future.'*

Dr John McLaren

Senior Lecturer Taxation

School of Business and Economics

University of Tasmania