

GIGANTIC SWINDLE TAX

(How to Shoot EVERYONE in the Foot)

HOW GST WORKS

GST is as simple as 1, 2, 3. Using the diagram opposite, we've followed a leather briefcase through its stages of production, showing how a 15% GST is collected and paid by the consumer at the final point of sale.

The Abattoir

The abattoir sells a cow hide to a tannery for \$20 plus 15% GST (\$3). Therefore the total amount paid to the abattoir by the tannery is \$23.

When the time comes for the abattoir to complete its GST return form for the Tax Office it takes the GST on its sale (\$3), subtracts any GST it paid on inputs (\$0 in this case) and sends the total (\$3 - \$0 = \$3) to the Tax Office.

The Tannery

The tannery processes the cow hide into leather and sells the leather to a leathersgoods manufacturer for \$40 plus 15% GST (\$6). The leathersgoods manufacturer therefore pays \$46 for the leather.

When the tannery fills in its GST return form it takes the GST it collected on its sale to the manufacturer (\$6), subtracts the GST it paid on its input (\$3 paid to the abattoir on the purchase of the cow hide) and forwards the difference (\$3) to the Tax Office.

The Leathersgoods Manufacturer

The leathersgoods manufacturer makes the leather into a briefcase which it sells to a leathersgoods retailer for \$80 plus 15% GST (\$12). The retailer therefore pays \$92 for the briefcase.

The leathersgoods manufacturer subtracts the GST it paid the tannery for the processed cow hide (\$6) from the GST it collected from the retailer (\$12) and sends the difference (\$6) to the Tax Office.

The Retailer

The retailer sells the briefcase for \$100 plus 15% GST (\$15). The customer therefore pays \$115.

The retailer subtracts the GST paid to the manufacturer for the briefcase (\$12) from the GST collected on the sale of the briefcase (\$15) and sends the difference (\$3) to the Tax Office.

The consumer pays the 15% GST on the final value of the briefcase. However the GST has been collected as the product passes through each stage of production and has value added to it. The GST paid at each stage of production is passed on through the production chain so that the consumer ends up paying the full amount.

THE CONSUMER

ABATTOIR	
Cow hide	20
GST	3
23	

TANNERY	
Leather	40
GST	6
46	

MANUFACTURER	
Briefcase	80
GST	12
92	

RETAILER	
Briefcase	100
GST	15
115	

CONSUMER	
PAYS \$115	

THE SUPPLIER MANUFACTURER RETAILER

Abattoir	
GST collected on sales	\$3
less GST paid on purchases	\$0
GST payable	\$3

Tannery	
GST collected on sales	\$6
less GST paid on purchases	\$3
GST payable	\$3

Manufacturer	
GST collected on sales	\$12
less GST paid on purchases	\$6
GST payable	\$6

Retailer	
GST collected on sales	\$15
less GST paid on purchases	\$12
GST payable	\$3

GST REVENUE

TAXATION DEPARTMENT	
\$3 from abattoir	
\$3 from tannery	

TOTAL TAX COLLECTED	
\$3 + \$3 + \$6 + \$3	
= \$15	

\$6 from manufacturer	
\$3 from retailer	
TAXATION DEPARTMENT	

Do not believe for one minute that the Goods and Services Tax will be revenue neutral. The Coalition is already buying votes with the windfall in tax revenue they know will come. In Canada it was a bonanza for Government and a disaster for the people. It was so bad that the people of southern Canada, who were near enough to the US border started border hopping to do their shopping. Some provinces even tried to bring in horrific departure taxes and re-entry taxes to make life miserable for those who sought relief from GST. WAKE-UP. If you do not change the Coalition plans you will have GST or even worse you will endure another three years of the World's Greatest Treasurer and the World's Greatest Fiscal Stuff-ups.

There are four questions to be asked about GST, "Will we be paying more in tax?" YES. "Will business make less?" YES. "Will customers get less for their money?" YES. "Will GST cause severe inflation?" YES AGAIN. If you want to know the facts about GST, check the following calculations.

Take as an example a one-man business which has gross takings of \$250,000. This size business typically

gives the owner \$25,000 net income so he pays about \$6,000 in income tax. It is intended that GST be imposed at a rate of 15% on gross sales so the government would get \$37,500 in GST from that one business. The government gets six times the rip-off, plus the income tax they still impose. Even if income tax is halved, that one business would yield, to the government, over \$40,000 in tax which is \$34,000 more than before GST. The only bright spot in the GST is that the worker will actually see his money pouring into the cesspool of the public pig bin. The workers will also see prices rise ten percent in one year, but will they have the brains to see that the inflationary rise of ten percent was really the equivalent of a national pay cut of ten percent?

The GST will require a staff increase at most businesses with a staff of twenty already. People in smaller businesses will work longer hours and get less sleep. All large and most small businesses will have to buy a computer and an expensive program to keep track of the huge numbers of transactions. This is the UK, Canadian and NZ experience. To understand why, follow the fiasco through grower, processor,

wholesaler, retailer and buyer. When the goods are bought off the grower the processor pays GST. When he sells at a much higher price the wholesaler pays proportionately higher GST. The first and smaller load of GST can now be claimed back from the government. When the retailer buys he pays even higher GST so another claim is required to recover the GST the wholesaler paid. To suggest that dropping sales tax will offset GST is an outright lie. Only 90,000 firms collect sales tax. Over a million businesses will collect GST. Look at the following chart. Here it is in their own words.

The bureaucrats think it is as simple as 1,2,3. I do not. I estimate that the process of monitoring the paying of tax at each stage of the four transactions and the processing of the claims for a rebate at three of the four stages will require 80,000 people or their computer equivalent in government employ, and about 160,000 in the private sector. These people would be better employed producing something for us to export or to avoid importing more.

I sent this warning on the real potential impact of GST to every daily newspaper in Australia, all 375 of them.

So far it would appear not one has published the warning that GST will be far more severe than we are told. It would be fair to say the media are very co-ordinated in their agreement to suppress vital information. If we allow this tax to be imposed we will become the poor white trash of Asia. The downturn we are having will become THE END.

The only solution I can see is to tell all businessmen what the Liberals really have in store for us, not so they will vote for Keating's fiscal failures, but so they will convince the Liberals and Nationals to wake up to what their leaders are trying to do to us.

If you are a businessman go to your records. Look at your sales figures and work out what the net income will be after GST. **Remember, your customers will not be spending more. They have not got it.** Look at your expenditure, add fifteen percent, look at what you had left last year, work out what you will have after GST, then you tell me what should be done.

If you are a customer, ponder what groceries you will get with your money when the price of every item is increased 15%. If you are an employee manager, ponder how you will come up with satisfactory figures under GST.

If enough businessmen give a hundred or two hundred dollars we can get the message across Australia despite the media gag. If we do not stop the rot, God help us. A couple of hundred dollars will be peanuts compared with our disastrous losses under Hewson's GST, which is really Keating's old VAT idea renamed. **The politicians play with us as we flee from one rotten party to the other bad party.**

If you have any better ideas let me know and I will help you with yours. If not, give a donation so I can get this FIGHT paper across Australia. This is your last chance to beat the HEWSON/GST/KEATING/VAT. After it is in it will be too late. If you think times are hard now, wait until you get GST.

All prices will rise. All profits will drop. All shoppers will get less for their

money. All businesses will make less. About a twentieth of our nation's manpower effort will be consumed feeding the bureaucratic GST monster.

Something can be done, but only if we make everyone aware.

From "Fight",
(Confederate Party),
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