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**Brad - Tax Policy Advisor Extraordinaire** follows the exploits of Brad, Claudia and Sami, the tax policy team in the Tax Department of Brad's country, as the team advises on how to shorten and improve the country's voluminous law that taxes investment income.

Investment income is the income that comes from saving your wages for future living rather than consuming things now - income, say, from bank accounts, rental properties, your own business, local or foreign company shares, mutual funds, superannuation, and so on.

Brad often has quite fixed views on what ad hoc, limited changes could be made to different parts of existing law. In contrast, Claudia, the policy team's boss, seeks a clear, practical over-arching tax design framework to make the law simpler, fairer and less intrusive on people's investment choices to improve productivity. Sami, finds it hard to resist taking a purist approach to the taxing of investment income.

Some challenging team discussions result as the team first advises their Tax Minister, then the Tax Minister and the Prime Minister and, finally a non-government Tax Review to make recommendations to government.

Brad's government's final decisions aside, discussion of issues covered in this process, together with references, should be useful to policy makers and commentators grappling with investment income tax issues like:

- capital gains taxation, negative gearing, inflation adjustments, local and foreign financial arrangements like rights, leases and indexed bonds;
- company dividend imputation - and alternatives like integration, cash flow taxes and dual income taxation - and the taxation of fixed trusts, family trusts, partnerships, co-operatives, life insurers and super funds; and
- perhaps more esoteric issues like tax consolidation of company groups, loss duplication, value shifting, share buy-backs and foreign tax credits.

Amazingly, income tax law in Brad's country is much like that in Australia.

Wayne Mayo (BSc, BEc) has authored a number of journal articles and a book on investment income taxation. He has had hands on experience dealing with business income tax issues while in the Australian Treasury during periods of tax reform in the 1980s (managing the Business Taxation Policy Branch) and 1990s (policy development prior to, and during, the Ralph Business Tax Review) and in 2015/16 (consultant). He developed the Kyscope cash flow model to help make digestible the often complex world of investment income taxation.  
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