HOKKAIDO ASSET MANAGEMENT

Australia is one of the higher taxed countries in the world, which pays for a state-run health care and welfare system that is the envy of many societies.

However, with its population ageing like many another developed nations, the costs of maintaining this are ballooning and the federal budget isn't forecast to swing to surplus until the fiscal year ending June 30, 2021.

The ruling Liberal-National coalition of Prime Minister Malcolm Turnbull has trailed the opposition Labor Party for 18 months in public opinion polls ahead of a national election that must be held by late-2019. Both the Newspoll and the Fairfax-Ipsos poll have Labor ahead of the Coalition on the two party preferred measure, 53% to the Coalition's 47%. Last week's Guardian Essential poll had Labor ahead 54% to 46%.

If one assumes Labor were to win that election it likely would introduce new taxes to fund social programs and these could target expatriate Australians.

Internal discussions within the party, according to those familiar with the situation, are centred on the introduction of worldwide taxation similar to that for US citizens. This would disadvantage Australians working in lower tax jurisdictions such as Hong Kong and Singapore, and of course zero tax regimes in parts of the Middle East.

Around one million Aussies work overseas. New Zealand, the UK and US remain the most popular countries of future residence for departing Aussies but the focus is shifting toward Asia, according to Advance. The network group for expatriate Australians said Hong Kong is a strong-hold for those looking to do business in Asia and there has been a notable increase in emigration to Singapore, China, Japan and Thailand in the last ten years. This period has also seen a rise in emigration from Australia to the United Arab Emirates.

A previous Labor administration in 2012 showed a preparedness to target expatriates when it changed capital gains tax (CGT) rules in regard to the disposal of investment properties. Up to 8 May 2012, the CGT discount of 50% was available to foreign resident individuals who were subject to CGT on taxable Australian property.

Under the new rules, Australians that are non-residents for tax purposes are treated in the same manner as foreigners, paying the full 50% tax on gains compared to locals who effectively pay 25%. In 2017, the Turnbull administration removed primary residence CGT concessions for this same group.

A move to global taxation for Australians would not be unpopular at the ballot box as traditionally there is little sympathy for 'high fliers' particularly in financial services who are a significant proportion of this group.

Another policy that might be on the cards, which is on statutes in Japan, the US, the UK and parts of Europe is inheritance tax or 'death duties' as they were known in Australia.

There is no inheritance tax in Australia, with all states abolishing what was known as death duties in 1979 following the lead of the Queensland Government led by Joh Bjelke-Petersen. However, assets acquired from the estate may become subject to CGT, which was introduced by the Hawke Labor government Sept. 20, 1985.

The idea was floated in 2010 by the former Treasury chief Ken Henry, who called it an "efficient tax" but stopped short of recommending it.

The Australia Institute think tank supports its reintroduction, but executive director Ben Oquist concedes it could be a difficult policy to sell. "They have been seen to be politically impossible — but it's interesting because actually this is a tax on you when you're dead," he said. "All things being equal, surely people would prefer to be taxed when they were dead than when they're alive."

"If a debate was led in a sophisticated way and people could see, maybe taxes would be lower on them when they're alive if they paid a bit more when they were dead, it would have a chance to politically fly."

The lobby group for Australia's major charities says the Federal Government could raise $5 billion in new revenue if it re-introduced an inheritance tax on the wealthiest 1 per cent of Australians.

"When you look around the OECD countries, most have some form of inheritance tax," said David Crosbie, the chief executive of the Community Council for Australia. "Looking at what (is) the most equitable way of taxing Australians, I mean the more we looked at it, the more it appeared to be a really good option."

While states with the exception of Western Australia are running budget surpluses, these are driven at least in part by asset sales and revenue associated with the nation's property market boom of the past two decades. With the federal government firmly in deficit, the economy slowing as the heat comes out of the property market and household debt reaches 180% of gross domestic product, citizens should prepare for a climate of new and higher taxes and central to that is tax and estate planning.

These might include: taking out a second passport in one of the seven zero tax countries around the world that allow you to obtain one without residency; and/or establishing a family trust.

Whilst there are two certainties in life – death and taxes – Australians who lead a 'global' lifestyle may wish to discuss with professionals how to minimise their tax obligations with an eye to possible policy changes while remaining 100% compliant.