**What is a policy review?**

A policy review is a procedure that evaluates the effectiveness of a specific policy, regulatory reviewing policies, and procedures to keep your organization up to date with the latest regulations and technology. It also determines the strengths, weaknesses, and potential consequences. Policy reviews are conducted to assess the need for policy improvements, or the development of new policies.

These policies can be conducted in different fields such as public policy, economics, healthcare, education, and environmental studies. These policies often involve research, data analysis, consultations, literature views, and the use of evaluation frameworks.

The outcome of a review can be made in the decision-making process, policy debates, and policy development or reform efforts. They contribute to evidence-based policymaking by providing into the strengths and weaknesses of policies and offering recommendations for more efficient policies.

**The Current Tax Policy Is Ineffective In Reducing Income Equality**

Taxes and transfers reduce inequality in disposable income relative to market income. These, however, vary, across OECD countries (Organization for economic co-operation and Development) countries. The impact of taxes and transfers depends on the size and the progress of each component. Some countries with a small tax welfare system (e.g. Australia) achieve the same impact as countries with much higher taxes and transfers (e.g. Germany) because they rely more on income taxes, which are more progressive than other taxes.

**Impact of the Tax Policy**

Family and housing benefits are, in most countries such as Germany and Denmark, the most progressive cash transfers, though their impact is limited as they are often small in size. Housing benefits include subsidies or vouchers to assist individuals or families with their housing expenses. These subsidies can be provided directly to landlords, and assistance to households. These subsidies can reduce housing costs for low-income individuals and families.

The labor taxes have increased in the majority of OCED countries. Although personal income rates have often become flatter, the decline in top marginal tax rates, and social security contributions for low-income earners have been cut or tax reliefs made more generous in some countries to reduce the cost of labor for groups at high unemployment risk.

Cash transfers reduce income dispersion more than taxes in most OCED countries. On average, three-quarters of the reduction in inequality between market and disposable income or due to transfers, and the rest to taxes. The impact of cash transfers varies widely across countries with a similar dispersion of household market income that may follow different redistributive strategies.

**Effectiveness of the Tax Policy**

Simplification of taxes codes is an important goal in the tax policy review. Large tax systems can be burdensome for taxpayers and create opportunities for those who do not comply. Simplifying tax codes by streamlining regulations, reducing unnecessary large, and improving openness can enhance compliance and administrative efficiency.

Tax policy reviews involve evaluating the fairness of tax rates. Adjustments may be made to maintain revenue levels, promote economic growth, or address income inequality. This involves progressive tax structures that put higher rates on higher income brackets or reduce rates to stimulate investment and economic activity.

OCED countries have been actively addressing the issue of tax avoidance strategies employed by national corporations to shift profits to low-tax jurisdictions. Tax policy reviews focus on implementing measures to fight tax avoidance such as tightening transfer pricing rules, improving exchange between tax authorities, and aligning tax standards.

Tax policy reviews in OCED countries consider environmental objectives, and measures such as carbon pricing, green tax, and environmental levy are explored to encourage sustainable practices and fight climate change. This reflects a change toward integrating environmental considerations into tax policies.

**Recommendations for Tax Policy**

The government should cease issuing tax expenditure estimates for savings income based on a compulsory income and use only an expenditure tax benchmark. Changes should be considered only in the context of a very large company tax rate. The company tax rate would be cut and the attribution would continue.

Consideration should be given to a dual-income tax system that taxes companies’ income, capital gains, dividends, net rent, and interest income at the same flat rate without a tax-free threshold. Contributions and earnings should continue to be taxed at lower rates in recognition of the very long lock-in period.

States should be given access to the personal income tax base through a back arrangement on top of commonwealth personal income tax, by reducing commonwealth personal income tax and grants to the state.

The different rates of Companies taxes should be abolished and all companies should face the same tax rates. The Companies’ tax rates should be reduced to between 20% and 25%. Companies should reduce administrative burdens and compliance costs. Enhance digital filling systems, provide clear guidelines, and simplify reporting requirements to improve accuracy.

Improve the transparency of tax policies and their impact on taxpayers. Enhance communication channels between tax authorities and taxpayers to provide clear and accessible information about tax obligations, rights, and responsibilities.

Assess the distribution of the tax burden between labor and capital. Consider adjusting tax rates or introducing measures such as tax credits or deductions and also promoting employee profit sharing that promotes a fair balance between the two.

**The Objective of Tax Policy**

It can play a role in promoting economic growth and administering a competitive business environment. By implementing favorable tax rates, and regulations tax policies can encourage investment, innovation, entrepreneurship, job creation, and overall economic activities.

Taxation is a major source of government revenue and tax proceeds are used by the government to render its traditional functions such as the provision of good roads, maintenance of law and order, and regulation of trade and business to ensure social and economic maintenance.

Taxation can be used to influence the consumption pattern of citizens. It can be used to encourage investment in certain sectors of the economy. Government can reduce the number of illegal economic activities. It can also be used to protect local and small businesses and reposition them to better compete with bigger, foreign counterparts.

Taxation can play in the economic growth of a nation, but it can also hinder economic growth by being to economic activities. This occurs mostly in the form of high taxation, multiple taxation, and double taxation. High taxation is when the government imposes too much tax profits of businesses or income on individuals. Multiple taxation is when several taxes are charged on the same income. Double taxation is when the same income is taxed more than once.

Taxation aims to promote fairness and equity in the distribution of tax burdens. It seeks to ensure that individuals and businesses contribute to taxes based on their ability to pay, with progressive tax structures often used to place a higher burden on higher-income individuals and corporations.

Taxation aims to facilitate tax compliance and improve administrative efficiency. It involves designing tax systems that are clear, understandable, and easy to comply with. Effective tax administration, enforcement, and compliance measures are crucial to ensure the effective functioning of the tax systems.

Taxation plays a crucial role in ensuring the sustainability of government finances. It involves balancing revenue with expenditure needs, addressing budget deficits, managing public debts, and maintaining overall stability.