

Media Release

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A Sensible Decision to Drop a Bad Tax

SMSFOA welcomes the Treasurer's decision to scrap the former government's 15% tax on superannuation account earnings over \$100,000.

SMSFOA has steadfastly opposed the poorly conceived earnings tax since it was announced in April.

It would have been inefficient and costly to collect, imposing extra compliance costs on superannuation funds, including SMSFs.

It posed problematic issues such as splitting accounts between fund members, the identification of multiple account holders and the treatment of franking credits and capital gains.

It would have been retrospective in effect and, in spirit, broke a promise by the previous government that it would not tax withdrawals in retirement. In practice, there is no difference between taxing withdrawals and taxing earnings.

SMSFOA is not opposed to sensible reform of the superannuation system provided it is done after proper consultation with stakeholders and without retrospective effect – particularly for people in retirement phase who have built up their savings and ordered their lives under the present rules.

Another policy of the former government that should be reversed is the halving of voluntary contribution caps. These should be restored to their previous levels of \$50,000 for under 50s and \$100,000 for over 50s to increase the flow of funds into superannuation and give more Australians the opportunity to assure their financial independence throughout their retirement without recourse to taxpayer funded pensions.

We look forward to working with the new government on positive change that will improve the adequacy and sustainability of Australia's national retirement savings system.

Contact:

Duncan Fairweather
Executive Director
SMSF Owners' Alliance

dfairweather@smsfoa.org.au

0412 256 200