

## **More tax on super is not the answer**

14 June 2015

SMSF Owners\* does not support proposals for new taxes on superannuation.

We believe that the taxing of superannuation should be reformed to deliver a simpler, fairer and more effective retirement savings system. More tax on super is not the answer.

SMSF Owners strongly disagrees with submissions to the Tax White Paper that argue for new taxes on superannuation and limits on the size of accounts.

We believe organisations that put forward these proposals are not acting in the best interests of superannuation savers including the one million Australians who manage their own funds.

In the Weekend Australian (13-14 June 2015), the SMSF Association is reported to favour a tax on superannuation benefits. While the details of this proposal were not made clear, we believe it is the wrong approach and against the interests of SMSF owners. The SMSF Association represents service providers to SMSFs including professional advisers who are obliged to act in the best interests of their clients.

The Association of Superannuation Funds of Australia (ASFA) has proposed that people should not be allowed to have more than \$2.5 million in their superannuation accounts. ASFA represents the major industry and retail funds. One of ASFA's members - Westpac/BT - suggested that people with more than \$2.5 million in their accounts should be made to set up a new account which would be taxed.

Apart from the practical issues inherent in such propositions, we believe they are not well motivated.

It is not for industry associations and financial institutions to offer up their customers' savings by advocating new taxes.

Financial service providers should be standing up for the best interests of their clients and not be spooked by the misleading campaign being run by left-wing think tanks that the taxation of superannuation is unfair.

It is too easy to give in to this campaign by proposing new and higher taxation of superannuation savings.

The challenge is to improve the current system to make it a simpler and more efficient to deliver greater benefits for all Australians in retirement.

SMSF Owners proposes in our submission to the Tax White Paper that only contributions to superannuation should be taxed. There should be no tax on fund earnings and no tax on withdrawals.

The system we have proposed - building on work by Ken Henry and Professor John Freebairn - will deliver a better superannuation system while maintaining tax revenue for the government.

This solution is known as TEE (tax on contributions, exempt from tax on earnings and withdrawals). How it will work better for savers and for the government is described in our submission to the Taxation White Paper which can be found here: [www.smsfoa.org.au/advocacy](http://www.smsfoa.org.au/advocacy)

\* Note: The SMSF Owners' Alliance is an independent voice for SMSF trustees and beneficiaries. To be an SMSF trustee or beneficiary - an 'owner' - is the sole requirement for membership of SMSFOA. The SMSF Association - until recently known as the SMSF Professionals' Association (SPAA) - represents the service providers to SMSFs. The trustees and beneficiaries of self-managed superannuation funds are not eligible to be members of the SMSF Association in that capacity.

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