Media Release

RETIREES CONCERNED ABOUT THE LEGISLATION FOR THE NEW TAX ON SUPERANNUATION BALANCES OVER $3 MILLION

“Retirees are disappointed that the Government insists on pursuing the Division 296 legislation for an additional 15% tax on superannuation balances above $3 million without incorporating important amendments,” said Wayne Strandquist, Chief Advocate for the Australian Independent Retirees (AIR).

“Australian Independent Retirees object to the calculation of earnings that uses the year-on-year difference in capital value of a fund member’s total superannuation balance,” said Wayne Strandquist.

“Unrealised capital gains are not actual earnings received and should not be used in calculating this new tax. Earnings should only be calculated on actual earnings received such as interest, dividends, actual net realised capital gains, investment distributions, and dividend franking credits,” Mr Strandquist explained.

“This new tax on unrealised gains will impose significant hardship on those with investments in non-liquid assets as they try to find the cash. It is likely that many retirees will need to sell long term assets in unexpected timeframes to meet their tax obligations to the ATO,” said Wayne Strandquist.

“Retirees understand that it may be reasonable to have a cap on a fund member’s total superannuation balance attracting concessional tax treatment, but the cap should be indexed like other superannuation caps. Indexation is essential where thresholds are applied in order to maintain the threshold at current money values. By way of example, the cumulative inflation rate in Australia over the last 10 years has been about 37%,” Wayne Strandquist pointed out.

“If indexation is not applied to the proposed Total Superannuation Balance cap of $3 million, over time, the real purchase value of superannuation in retirement will be significantly devalued,” said Mr Strandquist.

Australian Independent Retirees know that in order for the legislation to pass through the Senate, the Government requires the support of the Greens. We are concerned that the Government will agree to as yet unknown policy demands that could further impact our independence in retirement” concluded Wayne Strandquist.

For further information or Media Comments, please contact:

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