Question: bet 124

Topic: **Model outcome of no income tax**

Hansard Page: **E76**

Senator SHERRY asked:

I do not have anything in mind. I am interested in why you seem to respond to that quite vigorously in terms of the implication, and I suggest that we would certainly be modelling that. Could I request that you model the outcome through the intergenerational model of no income tax for anyone, and what the implications of that would be over 40 years? Would you do that for me?

Dr Henry—Like all your requests, we will take that one on notice.

Senator SHERRY—Could you also take the request on notice to model in the intergenerational model, which will be released in May 2007—I would hope this request is modelled earlier and released publicly—the impact on revenue of income tax free treatment of superannuation for persons over the age of 60? Also, could you take on notice what countries have removed income tax totally from the retirement incomes of their retirees? In this case, we are talking about age 60. In other countries it is 65. In some countries it is lower than 60. If you could take that request on notice and see if you can come back with some detail—the last 10 years is fine. Five years would even do. It would be interesting to see an international comparison on the approach and see if it has happened anywhere else. I could not find anything of this type in an advanced OECD country.

Dr Henry—I will take those things on notice.

Answers:

The content of the next intergenerational report has not been finalised. The Senator's request is noted.

Chapter 7 of the *International Comparision of Australia's Taxes*, released in April 2006, analysed the taxation treatment of retirement savings for OECD countries. It includes the findings of an OECD study which shows that private pensions are tax free at the benefit stage in Hungary and New Zealand.