



Deacons

RACV Tower
485 Bourke Street
Melbourne Vic 3000
Australia
GPO Box 4592
Melbourne Vic 3001
DX445 Melbourne
Tel +61 (0)3 8686 6000
Fax +61 (0)3 8686 6505
www.deacons.com.au

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Email: economics.sen@aph.gov.au

Other Offices
Brisbane
Canberra
Perth
Sydney

Committee Secretary
Senate Economics Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

**Independent
Affiliated Firms**
Hong Kong
Indonesia
Malaysia
People's Republic of China
Singapore
Taiwan
Thailand
Vietnam

Our Ref: 109339

Dear Sir

Re: Tax Laws Amendment (Simplified Superannuation) Bill 2006 and five related Bills

We act for the trustee of the following funds:

1. The Redundancy Payment Central Fund and the Redundancy Payment Central Fund No 2. Each of these funds are subject to the transitional arrangements under the *Fringe Benefits Tax Assessment Act 1986* ("**FBT Act**"); and
2. The Redundancy Payment Approved Worker Entitlement Fund 1 and the Redundancy Payment Approved Worker Entitlement Fund 2. Each of these funds is an "approved worker entitlement fund" under the FBT Act.

The trustee is concerned with the proposed section 82-130 in Schedule 2 of the Tax Laws Amendment (Simplified Superannuation) Bill 2006 requiring termination payments be made no later than 12 months after that termination.

We have had the benefit of reading the submission by DLA Phillips Fox on behalf of the trustees of the ACIRT, MERT and BIRST redundancy funds published on the Senate Standing Committee on Economics website.

Although our funds operate slightly differently from the ACIRT, MERT and BIRST redundancy funds the impact of the proposal on our position is similar and will create the hardships raised by DLA Phillips Fox. Hence, we support their submission "that the 12 month rule should not apply to payments by trustees of

funds that are approved worker entitlement funds in terms of the FBT legislation, or in the alternative, that if there is to be a 12 month rule, it not apply by cessation of employment with the employer, but by some more generous rule such as leaving the construction (or other relevant industry) industry”.

We further ask that the exemption be extended to funds that, although not approved worker entitlement funds in terms of the FBT legislation, are subject to the transitional arrangements under Section 58PC the FBT Act on the basis that the same arguments raised above apply to them equally.

Please do not hesitate to contact me if you need any further information or any clarification in relation to the above.

Yours faithfully



Vivi Renner
Special Counsel
Deacons

Direct line: +61 (0)3 8686 6900
Email: vivi.renner@deacons.com.au