

Dissenting Report by Senator Nick Xenophon

1.1 This Report is confined to the changes in the concessional contributions cap to superannuation (referred to in the Explanatory Memorandum (EM), chapter 3, pp 27-32).

1.2 As explained in the EM, the cap for concessional contributions to superannuation is \$50 000 per annum indexed to AWOTE with a \$100 000 transitional cap that applies annually to concessional contributions made by individuals aged 50 and over before 1 July 2012.

1.3 It is proposed that the cap for concessional contributions to superannuation will be \$25 000 per annum for the 2009-10 and later financial years, indexed to AWOTE with a transitional cap that applies to individuals aged 50 and over, which will be \$50 000 per annum, for contributions made in the 2009-10, 2010-11 and 2011-12 financial years.

1.4 However, members of a defined benefit scheme, which includes politicians who are elected prior to the 2004 election, will be in effect exempt from the changes. As indicated in para 3.24 of the EM,

Special arrangements will apply to certain members with a defined benefit interest on 12 May 2009 where notional taxed contributions for that interest exceed the concessional contributions cap in the 2009-10 or later financial years. In this case, the notional taxed contributions for that interest will be taken to be at the maximum level of the person's cap. [*Schedule 3, item 4, subsection 292-170(8) of the ITAA 1997*]

1.5 This 'special arrangement' for politicians is inconsistent with the intention and the impact of the changes for all other Australians not in a defined benefit scheme, and as such should be opposed.

Recommendation

1.6 That this bill be withdrawn and redrafted in a form that does not protect politicians from the taxation implications of the superannuation changes the Government is imposing on the broader community.

Senator Nick Xenophon

Independent Senator for South Australia

