

Dear Sir/Madam,

I am writing to you to express my concerns regarding the proposed tax law changes to section 23AG. I currently work overseas in Kazakhstan and have recently signed a contract to work on rotation for 1 year with annual renewals. I currently have a Private Ruling from the ATO stating that I do not need to pay Australian tax on my overseas earnings. I do pay local taxes in Kazakhstan in full.

With the proposed changes I will be facing a 25% to 30% reduction on my net income which will completely absorb the financial benefits I may gain by working overseas. This is a substantial cut in pay and will mean that my family and I will face financial hardship and an uncertain future. The financial benefits I currently enjoy do not come without hardship however. I work 80+ hours per week in a hazardous environment and live in a camp situation on a remote oil field, with living conditions I would not have to endure working back in Australia. Not everyone is prepared to do this, so there should be some benefit for it.

With the introduction of these changes to the tax system, I will seriously question the benefits versus the hardships and will likely be forced to return to Australia to work. With the growing unemployment in Australia, I will be competing with other Australians for the few jobs available and therefore adding somewhere along the line to the unemployment figures.

I would imagine a lot of other Australians working overseas will be in the same situation, hence the tax benefits to the government will likely not transpire as they believe they will. A benefit to Australia of working overseas is the money I bring into the country which benefits the local economy. With many Australians currently doing this, I am sure this accounts for a huge inflow of money. I would expect the loss of this would more than offset any benefits the government hopes to gain with increasing tax income.

I have always worked hard and paid my taxes and always worked within the rules. I have set out my finances according to my income and to have this law imposed on me at such short notice will lead to financial hardship. If the changes were to be introduced 1 or 2 years down the track, it would at least allow time for me to make changes to my lifestyle and to 'cut my cloth accordingly'.

I am uncertain that the benefits have been fully thought through and these proposed changes will more likely cause hardship to individuals rather than benefit the economy.

Thank you for your attention,

Your sincerely,

Leigh Otter