

To Mr John Hawkins, Committee Secretary, Senate Standing Committee on Economics

The Australian Government are now proposing changes to section 23AG of the Income Tax Assessment Act 1936 which currently provides an income tax exemption for Australian residents' foreign earnings derived from foreign service employment. The Government believes these changes will recoup additional funds by increasing the personal income tax (PIT) payable by Australian workers employed overseas.

I strongly believe the Government is missing the much bigger picture, and that these proposed changes will overall have a very negative effect and impact on the Australian economy, with the resultant loss of incoming earnings and jobs, out weighing any return from the collection of PIT from those workers who may choose to continue in their overseas employment once their income is subject to full Australian PIT.

With full PIT for Australians working overseas, there is absolutely no incentive to remain working overseas, – or, some workers may choose to become non resident, this has been discussed with great emotion by many of my colleagues. Either way, the Australian economy misses out on these overseas earnings returning to Australia and being circulated into the economy. The recent cash handouts from the Government were intended to inject funds into the Australian economy, hence it seems odd to now be considering policy that will cause a reduction in funds entering the Australian economy.

With rising unemployment, it is nonsensical to create a disincentive for Australians to seek work overseas. On the contrary, the Government should incentivize overseas employment. What better life line for an ailing economy than to have Australians gaining employment overseas instead of taking jobs in Australia, and their subsequently returning home to invest their foreign income into the Australian economy, surely you would agree?

Encouraging Australians to work overseas is a simple and very cost effective means of boosting the Australian economy. It provides a net gain in available jobs and injects foreign sourced funds, thus providing a positive contribution to Australia's economic recovery.

I respectfully ask that you vote against any changes to section 23AG of the Income Tax Assessment Act 1936, and instead, consider various means to incentivize Australians to seek employment overseas, whilst remaining resident in Australia.

Thanks & regards

Ronald Stanton