

Tax Law Amendment Bill 2009 Submission

To: Committee Secretary,
Senate Economics Committee,
Department of the Senate,
Parliament House,
Canberra 2600.

Subject: Tax Law Amendment Bill 2009 (Section 23AG)

Date: 6th June 2009

From: Allan Nutt

Argument for the continued Tax Free Status for Australian Residents working overseas in the Oil, Gas and Mining Sector.

With the Introduction of this Bill the Government of Australia and ultimately the people of Australia will

Tax Law Amendment Bill 2009 Submission

- A. Lose much needed foreign capital which assists in the development of Australia in both good and bad times.
- B. Drive unemployment higher as previously overseas employed personnel compete for jobs in Australia.
- C. Lose interaction, cultural exchange with foreign countries.
- D. Lose training of 3rd world nationals.

1. We work and live physically in a foreign country, earn money in that foreign country, abide by the law and rules of that foreign country as well as pay the applicable tax. That money is then taken back to Australia as foreign capital to spend and invest in Australia.

With the introduction of this bill many Australians will move overseas to live or find employment back in Australia. This does not fit the Government policy of reducing unemployment in Australia and bringing foreign capital in.

Does the government intend to tax all foreign capital by the same rules or only residents?

2. It is easy for anyone to say we have a tax advantage without considering all the issues.

In most cases it is the tax advantage that we choose to work overseas as the salary is usually similar to that in Australia and in some cases the overseas salary is lower especially when super is taken into account. Take away that advantage and most people will reconsider if it is worth working in a foreign country.

Tax Law Amendment Bill 2009 Submission

Why will we reconsider working in a foreign country?

- A. Why sit on a plane for 20 hours (flying time) and sit in airports for another 15 hours each way for no advantage?
- B. Why work where there is poor medical facilities in the whole country and then work in isolated conditions where there is no Flying Doctor for no advantage?
- C. Why put up with poor communications to family and friends for no advantage?
- D. Why work 6am till 6pm for 35 days straight and spend another 4 days travelling for no advantage? We can get the same job in Australia on a 3 week rotation and be home the same day.
- E. If there is a serious family issue there would be a minimum of 3 to 4 days to get home. Why put wives and children in this position if there is no advantage?
- F. Why work in a Country where the laws are not always just and are subject to bias and corruption for no advantage?
- G. Why work in a country where it is not unusual to have 40 armed police in camp to sort out local issues for no advantage?
- H. Why put up with poor food choices for no advantage?

- 3. How can a company be granted tax free status for its employees in Oman under a trade, training agreement (23AF) when I do exactly the same job? We too are assisting in the development of Libya and the improvement of their living conditions. This too could also be classed as humanitarian.

Tax Law Amendment Bill 2009 Submission

4. However we look at it a % of people will seek employment back in Australia and a % will move overseas to live. Those who choose to continue working overseas will minimize tax by negative gearing and other means. Has the Government done a study on loss of foreign capital, higher unemployment, the real increase in tax revenue after the above is considered and the cost to enforce and police the new law against the tax grab?

It is extremely easy for anyone to look at our situation on paper and believe we have an advantage with no consideration to what we contribute and what we go through to earn foreign capital.

It is harder for those that will vote on this Bill to truly understand the real issues that confront us as expatriates, without having been there, and to separate the so called bottom line tax revenue with the hard to measure foreign capital loss and higher unemployment.