

SENATE SUBMISSION

Tax Laws Amendment

Senators

This submission seeks consideration to a change of current and recently introduced laws in respect to taxation of income received by retired persons who are in receipt of an income from a Superannuation source as well as receiving a separate income stream.

The current rules allow persons receiving a pension from a **taxed** fund to have all of this amount treated as zero income for taxation purposes and then have any other income assessed separately in respect to taxation obligations.

On the other hand a person who may have the very same financial situation but having a pension sourced from an **untaxed** scheme is treated much more harshly

It is clearly understood and accepted that tax can be applied (with a rebate) to the pension sourced from the **untaxed** fund but the penalty occurs with the subsequent treatment of the separate income stream

Under the current rules this income is **added** to the pension stream and tax subsequently applied. This means those on the modest end of superannuation pensions have a higher marginal rate applied even though they may have identical incomes to a pensioner receiving funds from a **taxed** scheme.

This situation can be worsened by virtue of the fact that the person receiving the income from an **untaxed** scheme can also miss out on the Low Income Tax Rebate Also on attaining the age of 65 there can be further disadvantaged with the application of the Senior Australian Tax Offset.

It is my understanding that this matter may have been previously reviewed by a Senate Committee in February 2007.

On behalf of the many superannuants in this situation I respectfully ask that this situation be again considered I do not wish this submission to have any confidentiality applied

Robert J Johnston