

The Honourable Warren Truss MP

Thursday, 3 April 2014

Dear Mr Truss,

Firstly let me congratulate you and your colleagues on your recent famous victory and progress so far.

We are Australian citizens of 13 years having left the UK in 2001.

I am writing to you as our local Federal MP on a matter that is having a serious effect on my family's income as we move toward retirement

In November 2006, our UK Pension Fund (UKPF) purchased two Australian Investment properties from our Mitchell Family Trust, they being, 7 Commerce Court and 2/21 Project Avenue Noosaville. (The Properties)

This was done in order to free up some cash from our UKPF as the UKPF was liquid at this time and we needed the cash to complete the building of a family home in rural QLD

Before the transfer of the Properties was carried the proposal to do so was run by our then accountant at considerable length and he raised no objection and at no time did he advise that, as a consequence of the UKPF (a non-complying foreign superannuation fund) owning the Properties, the rental income would attract a punitive tax of 45% + 1 ½% Medicare Levy (46 ½%)

In Late 2008 we terminated our arrangement with the current accountant and engaged the services of STRATOGEN Chartered Accountants

Upon engaging the services of Stratogen, we were promptly advised that our UKPF (a non-complying foreign superannuation fund) was obliged to pay this tax on the rental income of the Properties at the top marginal rate, something of which we were unaware.

As a result we found ourselves indebted to the ATO in the sum of some \$40,000.00 plus interest and penalties. We are now up to date with the ATO for the period late November 2006 to date at a cost to us of some \$150,000.00 and still paying the punitive tax.

This is now having a very negative effect on our income and at this rate there will be little left for our retirement.

I am 67 and in poor health and still having to work and my wife is 54.

If we cannot find a solution to this dilemma I fear we will become a burden on the state in due course.

I am convinced that this regulation was not meant to trap small people such as us in a cycle of poverty and feel that there must be some mistake or some mitigation.

The situation does make rather a mockery of Australian being open for business as we brought this money from the UK and invested it in Australian commercial property in order to

I know this is not your portfolio but hope you will bring this to the attention of the relevant person who will be able to bring us some relief.

Yours Sincerely

Michael V. Mitchell

**Warren Truss
Federal Member for Wide Bay**

Monday, October 27, 2014

Dear Mr. Truss,

Re. letter from the Honorable Mathias Cormann 25/07/2014

Thank you and Mr Cormann for taking the time to look into this matter, I know you are both busy and doing a great job, but I must make a few points.

This ruling is spiteful, grasping and vindictive. I am not looking for a handout, just a chance at a few years decent retirement.

As it stands, if I am lucky my investments gross after expenses \$50k PA on which I have to pay approximately \$20,000.00 withholding tax (45%) the balance is then taxed at my marginal rate, leaving a residue of some \$20,000.00 PA income.

This means IF & WHEN I retire (I cannot see that day yet) we will be in poverty and have to claim the Australian State pension and other benefits. This really defeats the object wouldn't you agree?

As I said I am not looking for tax free income, I am quite happy to pay tax at the marginal rate on the income from my investments, but the 45% up front is crippling.

This money was accrued in the UK when I was in the UK, Australia did not contribute at all in any way, nor did she lose out.

In fact my action in using my UK pension funds to buy Australian investment property added value to the Australian economy and yet I am punished for doing the decent thing.

I could have kept the funds offshore and simply paid tax on the income.

I have run a business here since 7th July 2001, the day I arrived in Australia which employs Australians and pays tax, I and my family (all six) are working Australian citizens and do the decent thing. I am 68.

I wonder, does a UK pension fund that invests in Australian property pay this punitive tax? I somehow doubt it.

In order to enjoy and kind of retirement I now find myself in the position where I will have to sell my investments, probably at a loss, and repatriate the funds back to my UK pension fund to invest in the UK.

Referring to Mr. Cormann's penultimate point, I have tried taking legal action against my previous financial advisor. I spent about \$100,000.00 getting nowhere and was then asked for another \$250,000.00 to litigate the matter.

Naturally I did not have that kind of money and tried to litigate the matter myself. Again naturally, the defendant's lawyers dragged their feet and muddled the waters for three years and being out of funds I had to settle for a pittance.

Sirs, you must know this ruling is unjust, I ask you to waive it in my case or at least reduce the withholding element to a reasonable figure.

Dear Mr. Truss,

Thank you for your letter of the 20th March.

I am disappointed but not surprised to note that I still do not have a reply from Josh Frydenburg regarding your letter to him and my situation.

Of course I can understand now why this is, obviously the government needs every cent it can lay its hands on to pay for your gold plated super plans. Meanwhile my family is sentenced to poverty in our old age to pay for your greed despite investing our life savings in Australia.

I find it supremely ironic that the ministers to which you have made representations on my behalf are not so publicly minded as to resist the urge to double-dip the PPL Scheme.

Now I know where my \$20,000.00 per year from this iniquitous penalty tax goes. I fear that I as a lifelong Conservative am coming round to the view that you do not have any interest in working people and are only in politics to line your own pockets.

Do none of you have any shame?

Kind Regards,

Michael V. M