

Retirement income tax submission from Fiona McInnes July 2015

1. Superannuation

Saving for retirement through superannuation should be given moderate encouragement through the taxation system. However, it should not be an open ended opportunity to avoid tax for the very wealthy. I am aware that the current cost of tax concessions for superannuation is growing faster than the cost of the age pension and that the concessions benefit wealthy people much more than low or medium income people.

Recommendation: An upper limit should be placed on the amount of benefit an individual can get from concessional tax treatment of superannuation investment and income.

Recommendation: Superannuation investment and income for low income people should not be taxed at a higher rate than they would pay on other income.

2. Housing

Owning a house to live in is a very valuable asset for all people but especially in reducing housing costs and increasing housing security for retired people. Tax and welfare systems should give moderate support for people owning their own homes without providing an open ended opportunity for very wealthy people to avoid eg. capital gains tax and claim age pension while owning millions of dollars worth of assets in the form of owner occupied housing. Conversely, there should be no special tax advantage for investment in residential housing compared with other investments eg. the 50% write off of capital gains tax. Such concessions have contributed to vastly accelerating rises in the price of housing, particularly in Sydney and Melbourne, making it much harder for the next generations of people to achieve the benefit of home ownership to (amongst other things) set them up for a secure retirement.

Recommendation: An upper limit should be placed on the value of owner occupied housing that is excluded from consideration in calculating pension entitlements. (No one should be forced from their home but pensions paid in these circumstances could be recouped from the person's estate.)

Recommendation: The 50% concession on capital gains tax on residential investment property should be abolished. Negative gearing should be phased out or restricted to new properties.

Fiona McInnes