

SUBMISSION to TAX WHITE PAPER REVIEW

TO RESTORE THE RBL (Reasonable Benefit Limit) for Super Fund Accumulation in order to make smaller the huge cost to Tax revenue of tax exemptions granted to Superannuation in the past which had unintended consequences

1. When the Super Guarantee scheme started about 1990, there was a Reasonable Benefit Limit (RBL) quantified at about \$500,000 (and indexed to inflation).
2. If a taxpayer accumulated Super fund assets greater than this limit (RBL) the tax rebates or tax deductions available to the Superannuant were greatly reduced .
3. Treasurer Costello, in his final years in office made two significant changes to Super rules. Firstly , he completely removed the provisions of the Reasonable Benefit Limit (RBL) and secondly, once taxpayers turn 65, all earnings of their fund are now treated as tax exempt
4. In consequence. taxpayers with big assets and income have been loading up their super funds since then as fast as they can . Firstly as tax deductible super contributions and secondly by non-deductible contributions at \$150,000 p.a (now increased to \$180,000 p.a)
5. There are now significant numbers of taxpayers with super fund assets up to \$10 million or greater.(Note that \$10 million invested at 5% might earn \$500,000 and if taxed at top rate of 49% instead of being exempt , the tax benefit of the exemption to that taxpayer once retired is some \$240,000 p.a)

SUBMITTED 1) the tax benefit of \$240,000 p.a for rich superannuants is unwarranted and totally at odds with the original Reasonable Benefits Limit applying to super fund accumulation

2) Restore the RBL at a level of approx. \$1.2 million

3) Cancel the ability to contribute non deductible amounts except for a life time limit of say \$540,000

4)Any funds in super greater than the RBL can be withdrawn free of tax by the superannuant and invested outside super OR ,if left in super. are to be taxed at 49% on their earnings on a deemed basis using the same deeming rates as apply to pensioners whose assets are deemed to earn income for the Centrelink income test.

5) It is now necessary to reverse changes made by an outgoing government years ago which have had unintended and increasing major consequences