

Ian C. F. Grant

27/08/08

TAXATION REVIEW

I am a 76 year old self funded retiree and I would like to draw your attention to what I believe is an unintended consequence of the previous Liberal Government's changes to superannuation arrangements. It concerns the tax free status of superannuation funds which are in pension mode compared to my tax status, particularly in regard to the levying of Capital gains tax.

By way of background, I retired in 1990 and was able to access my superannuation with Qantas. At the time my choices were:

- i] rollover to another superannuation fund and/or
- ii] invest in my own right.

At that time, 2 years after the 1987 share market crash, superannuation funds' returns and general performance were far from attractive and in many cases were in the negative [a state they stayed in for many years] I elected to self invest.

I was not dissatisfied with my tax position at the time when compared to a superannuation arrangement. Both the fund and I paid tax on income and capital gain, albeit at different rates and different calculation base. The net results were very similar and I accepted that.

Now however, the new legislation has dramatically changed that equilibrium. For a person in my position a superannuation arrangement would be basically free of tax whilst I am left to pay capital gains tax on investment sales [assuming the franking credits and various rebates negate tax on my other investment income.

I am totally happy at being and remaining a self funded retiree. My intention was always to avoid reliance on a government pension and other arrangements. I believe my investment choice on retirement can be, and was, justified in view of the abysmal investment record of superannuation funds at the time.

However, I believe now that the system is unfairly biased against me.

I would ask the Government to consider legislating some form of capital gains relief for people in my position.

For example bona fide self-funded retirees dependent on returns from public investments [shares and trusts] could be granted total or partial relief on the capital gain impost when the investment is sold. Whilst I understand that the arrangements may be complex in order to avoid the system being rorted, but would that be different to many other parts of our tax system.

I was unable to sell my share assets and place them in a super fund as I was 75 years of age which was a year over the eligible age allowed by

the Government when they changed the rules. To penalize a person because of older age is surely unfair.

I commend my suggestion to your consideration and am available should you or any of your review board wish to discuss the proposition further.

Yours Faithfully

A handwritten signature in blue ink, reading "Jan B.F. Gunt". The signature is written in a cursive style with a large, stylized initial "J" and a prominent "G".