

To whom it may concern,

I would like to use this inquiry to raise a serious problem with taxing Super contributions and earnings.

Australia has many measures designed to ensure fairness of economic outcomes, from needs-based school funding, family tax benefits, exclusions from GST, concession discounts, etc.

A major factor in ensuring societal cohesion and limiting inequality is the progressive nature of the personal income tax.

It is unexplainable how a major portion of forcibly saved earnings (our super contributions) and our super earnings are taxed so much more regressively and out of step with income tax. There is no economic or moral justification for this.

It wouldn't add complexity to calculate the tax on the person's income – similar adjustments are already being made based on tax return data (for example, with the limited government co-contribution and tax refund rules in existence that were presumably meant to soften the regressive nature of taxation, but failed to make much of a difference).

Super contributions can be taxed lower than income, but they need to be linked somehow - for example, making it fixed 80% of the income tax % of the total taxable income (e.g. someone on income of \$100,000 pays income tax of \$25,000 or 25%, then super contributions and earnings should be taxed at $0.8 \times 25\% = 20\%$).

The tax on Super earnings could easily be varied as the balance goes up – 0% in the beginning to close to the top marginal % if the balance is above some level giving comfortable retirement to its owner.

These measure can be modelled to be revenue-neutral, and with that, politically safe.

I petition the treasury and plead to address this glaring disconnect on how the artificially segregated incomes are taxed and bring taxation of super in line with income tax.

Kind regards,

Zoltan Bartus