

5 October 2022.

Director  
Corporate Tax Policy Unit  
Treasury  
Langton Cres  
Parkes ACT 2600

By email: [frankeddistconsult@treasury.gov.au](mailto:frankeddistconsult@treasury.gov.au)

Dear Sir/Madam,  
We object to the proposed legislation changes.

Dividend imputation should not be changed.

Firstly similar earnings should be subject to similar tax. Tax paid should not change if one uses a company rather than a partnership, sole proprietor or trust.

Secondly, any changes to dividend imputation should seek to apply equitably to all or not at all.

I object to:

- Inequitable retrospective taxation. This rule change is to be made retrospective. Yet when the government super scheme was changed the change applied only to new entrants. Benefit reduction was not made retrospective. Grandfathering should apply equally to all and not just to those who make the rules. Existing rules should continue for those who have made an investment decision based on existing rules. The grandfathering that applied to public servants should be applied consistently, or not at all.
- Non-level playing field. The proposed 2019 dividend imputation credit change disadvantaged self-funded retirees but did not equally disadvantage other super funds. It would be inequitable to allow the latest attempt to again selectively penalise. That is disadvantage self-funded retiree's super funds but exempt union super funds. If imputation credits are wrong then no one should get them. It is inequitable to allow refunds of tax to those whose total tax bill is greater than their imputation credits, but not allow refunds to those whose tax bill is less than their imputation credits. It is analogous to not allowing a wage earner a tax refund if the employer company has paid the tax department more tax than the employee has to pay.
- Unfairness. If government is serious about tax fairness and eliminating rorts, they should increase the tax rate on government retiree's pensions from the current 15% to something north of 40%. The earnings and contributions of government member's super funds balances compound disproportionately because they are exempt from tax during the decades they work in the public service. Not so non-government employees, taxed as they go along. Non-government super participants pay 15% and some, 30% on contributions and 15% and 10% on income and capital gains during the decades they work. Government employees pay nothing during the decades they work.

A quick discounted cash flow/compound interest calculation shows the billion-dollar tax minimisation benefit government employees currently enjoy that non-government employees do not. This is a tax benefit separate to the 15% super contributions government workers get when non-government employees get lower employer contributions.

A post retirement tax rate of over 40%, not 15%, should be paid by government employee pensioners to equalise the tax benefit to that of non-government employee's, making the same contributions. The tax holiday non-government pensioners receive on their retirement pensions does not come close to the tax holiday government employees receive from a working lifetime exempted from superannuation taxes.

Yours faithfully

Richard and Jacqueline Jacobs

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Regards



Richard Jacobs