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To: Senate Standing Committees on Economics

Inquiry into the Tax Laws Amendment (Temporary Budget Repair Levy) Bill 2014 and related bills

The Association of Superannuation Funds of Australia (ASFA) provided a submission to the Senate Standing Committee on Economics inquiry into the package of bills which propose amendments to the income tax law to introduce the three-year progressive budget repair levy announced in the 2014–15 Budget.

ASFA's comments are limited to two of the fifteen bills in the temporary budget repair levy legislative package:

- *Income Tax Rates Amendment (Temporary Budget Repair Levy) Bill 2014;*
- *Superannuation (Departing Australia Superannuation Payments Tax) Amendment (Temporary Budget Repair Levy) Bill 2014.*

The ASFA submission notes the difference between normal income tax collection arrangements and those applying to Departing Australia Superannuation Payments (DASP) and the tax levied on the no-TFN contributions income of funds where the effective incidence of the tax is intended to fall on the fund member but the legal liability for payment of the tax rests with the superannuation entity.

While funds will be endeavouring to implement the effect of the budget repair levy on benefit payments to meet the 1 July 2014 effective date, in some case this will not be feasible and in others implementing these changes will have significant risks due to the short implementation time frame and the resources committed to delivering other compliance and legislative changes by 1 July 2014.

At issue for the superannuation industry is the exceedingly short time frame which fund trustees have to amend their administration systems to ensure that the incidence of the tax falls where it is intended – on the member – and does not end up having to be borne by the fund and ultimately paid for by other members.

ASFA's submission seeks a deferred commencement date of 1 October 2014 for the imposition of the budget repair levy with respect to Departing Australia Superannuation Payments and, with respect to the non-TFN contributions income tax, that the budget repair levy not apply.