

## **TAX & SUPERANNUATION LEGISLATIVE RISK AND THE NEED FOR PLANNING GUIDANCE**

Perceived, future, unpredictable changes to TAX and SUPERANNUATION law create considerable uncertainty when formulating viable long-term Business and Personal Financial Plans.

While appreciating that this Tax Review will produce a Forward Strategy, I am aware that, probably, the strategy will be implemented at a rate determined by necessity, and the political skill and will of politicians.

***I suggest, that the Forward Strategy, resulting from the Tax Review, would become a very useful Planning Guidance Document for both Business and Personal Financial Planning, if it included notional dates for the implementation of various stages of the proposed Forward Tax Strategy.***

***My experience with Forward Strategic Plans, in a large Government Organisation, was that if the Plan is around long enough, and it includes Target Dates, others do their micro-plans based on the assumption that the Forward Strategic Plan is 'the way of the future'.***

***Because various micro-plans include Guidance from the Forward Strategic Plan, this results in the inter-locking of the micro-plans and creates a momentum, which leads to the Forward Strategic Plan becoming self-fulfilling.***

The politician's job, of legislating for the GST, could have been made easier, if the electorate had anticipated it, some years in advance, as just a part of a bigger Strategic Tax Plan for Australia rather than as an isolated Tax measure.

A selling feature could have been that the introduction of the GST was part of the Forward Strategic Plan that included an objective to Exempt Single Retired older people from Income Tax on incomes of up to \$30,000pa. It may not be that easy, but I think that you will appreciate my point.

The phased raising of the Age Pension age, for women, from 60 to 65 is an excellent example of how to make big changes with negligible 'fireworks'. Everyone knows about it. It has become a given.

The phased reduction of superannuation deductible contribution limits, for those of a certain age, from \$100,000pa to \$50,000pa is appreciated. It provides sufficient time for changes to be made to personal financial plans and allows reasonable time, for the modified plans, to be implemented. This sort of approach engenders some confidence when planning for a necessarily uncertain future.

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