

SUBMISSION - AUSTRALIA'S FUTURE TAX SYSTEM REVIEW

by: Cornelis A.Brons

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as follows:

1) DISCRIMINATORY TREATMENT BY CENTRELINK OF OVERSEAS PENSION INCOME:

A number of years ago, the Australian Tax Office (ATO) issued a ruling (TD2000/46) which stated that only 75% of the Dutch Pension would be treated as income for taxation purposes, and that the remaining 25% represents a return on capital contributions made into the Dutch Pension system. CENTRELINK, however, does not recognize this ruling and still treats THE WHOLE Dutch Pension as income.

The 25% stated above is the Undeducted Purchase Price (UPP), which is that part of the Dutch Pension which was paid for by the taxpayer while working.

The pension income plus other taxable income LESS THE UPP and other legal deductions is then taxed by the ATO as normal.

Unlike the ATO, Centrelink does NOT subtract the UPP value when calculating how much Age Pension one is entitled to. As a result, one loses more pension than expected. This is not fair. It is also inconsistent.

I hereby urge you to RECOMMEND that Centrelink should adopt the same standard (ie. ATO Tax Ruling TD2000/46) as the ATO.

Yours sincerely,

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