

In case this issue has not hit your radar, I would like to suggest that the 40 hours in 30 days work test for over 65 year olds be reviewed.

Under existing law, over 65's cannot claim make a deductible superannuation contribution unless they meet the 40 hours work rule in 30 days.

The existing test has several perverse effects.

Those aged between 60 and 65 can retire, contribute to super and still claim a deduction (up to \$50,000) for superannuation without working and then withdraw such contributions tax free from the fund: providing significant taxation benefits. This benefit is on top of tax free superannuation pensions and/or the 10% rebate. It also has the effect of reducing workforce participation of people in the 60 to 65 age bracket. I note that some over 65 taxpayers could enter into creative arrangements (particularly where a family member, for example, operates a business). I further note that this rule can adversely affect couples where the older partner has a relatively higher superannuation pension, while the other (younger partner) may have been a non-working spouse. Put another way, this rule is not neutral in its effects on taxpayers.

I content that there is no good policy reason for the existing rule's retention. But if there is, there is certainly no rationale reason why this benefit should be terminated at age 65, as such termination can increase the tax burden on over 65's at a time when they may face higher cost pressures. It also can particularly adversely impact on couples where one member may be disabled while the other member is a carer and may not be able to work. In such cases, those affected could face a double or even triple disadvantage (higher costs due to disabilities, reduced earning capacity and higher taxation at age 65).

Options for reform:

- 1 remove deductible contributions unless the taxpayer is working; or
- 2 maintain the existing rule, but remove the 65 age limit.

As an aside, the above illustrates the inequities in taxing retired couples separately, rather than as a unit and perhaps this could be considered in the context of option (1) above. It would be less important if option 2 were considered.

I apologise for this submission being late, and/or not up to my usual quality, but as a full-time carer, I have other priorities.

Finally, as an erstwhile tax reform warrior, I wish you good luck!

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