

From: Di Thompson

Subject: Dianne Thompson - A Future Taxation System Review

Dear Review members

I am a single self-funded retiree, with a Commonwealth Superannuation Scheme (CSS) pension of around \$28,000 pa. I also have a half share with my ex-husband in a small self funded superannuation fund. I have worked since I left school at 15, mostly in low paid typing jobs, and with the usual workforce absences and detachment associated with the rearing of children. I gained a university degree as a mature age student, and re-entered the workforce in the 1990s, so did not attain the beneficial 20 years service for contribution to a superannuation scheme.

I would like to draw the Review to several items of concern, affecting retirees or those approaching retirement:

1. The indexation of the CSS pension is wowfully inadequate and certainly not keeping up with wages. I have been retired for 3 years, and have particularly fallen behind the economic well-being of the general populous. I have seen a graph of this difference over the last 20 year period and it is frightening. Given that I can reasonably expect to live a further 20 years (I am 62 now) my financial position, independence and contribution to and participation in, my community and Australian society is going to be significantly reduced.
2. The Superannuation Surcharge Assessment. I understand from research on the internet, that the Superannuation Surcharge Assessment has been abolished and is no longer applicable from 2005.

The Review needs to note that the Australian Tax Office continues to make assessments backdated 6 years - the most recent being the 2000-01 financial year - some 7-8 years after I had submitted my relevant annual tax return and other papers.

What this means in my case, and that pertaining I expect to a number of future and current retirees, is that those who salary sacrificed part of their salary during the period, are now subject to repeated re-assessments and charges by the ATO for up to another 5 years.

In my instance I received Superannuation Surcharge Assessments for the 2000-01 financial year, plus my normal ATO tax assessment for the same financial year. I paid ordinary tax in 2000-01, and then in March 2008 I was billed a further \$1,600 and then in June 2008 a further \$3,100 Superannuation Surcharge payment. For people on fixed income this is a significant additional imposition.

I have not been able to plan for this, and am now be forced to return to work for a period next year to recoup the outlays. In the meantime I brace myself for further assessments. Added to this impost, has been a significant reduction in the value of my self-funded superannuation assets since November 2007.

I would like to impress upon the Review members, that salary sacrifice was not an easy thing to do. I do not come from a background of wealth or high earnings. In one way it was fortuitous, when my marriage fell apart, some three years ago and I had some savings put into additional superannuation.

However, I did expect that I had finalised all of my taxation obligations in a timely and proper manner at the end of each financial year. That this is not the case, leaves me disadvantaged and concerned. Obviously I was not given the any, or the right financial advice at the time. Few of us are experts in that area. The push from Government was to provide for one's own retirement, and it continues to be. People should not be penalised for this commitment some 7-8 years later.

Your investigation into these circumstances, and protection from future Superannuation Surcharge Assessment charges needs urgent attention.

Yours sincerely

Dianne Thompson