

Committee Secretary  
Senate Standing Committee on Economics  
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Australia

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**RE: Inquiry into Tax Laws Amendment (2009 Measure No. 1) Bill 2009**

Dear Secretary

The ACTU is pleased to make a short submission regarding Tax Laws Amendment (2009 Measure No. 1) Bill 2009. This brief submission focuses on schedule 3 of the Bill.

The ACTU supports the passage of this Bill which implements measures announced in the 2008-09 Budget to expand income tests in the tax and transfer systems to include particular non-wage remuneration.

Schedule 3 makes the following main changes to the tax law:

- Assesses as income certain 'salary sacrificed' superannuation contributions in determining eligibility for a range of government assistance programs;
- Includes as income net financial investment losses for applicable means tested tax and transfer programs;
- Amends the income tests used to determine eligibility for the Senior Australians Tax offset, dependency tax offsets and pensioner tax offset to include the non-grossed-up or 'adjusted' value of value of fringe benefits; and
- Aligns the income tests used to determine eligibility for the dependency tax offsets with the definition of income used for family assistance purposes being 'adjusted taxable income', and extends the \$150,000 income cap introduced last year to apply against the combined income of the taxpayer and their spouse (with the exception of the dependent spouse tax offset).

These are important equity measures which:

- Remove inconsistencies in the treatment of non-wage remuneration;
- Better target the dependency tax offsets to lower income families; and
- Treat the income of individuals and families without access to salary sacrifice arrangements in an equivalent way to those who are able to access salary sacrificing.

On that basis the ACTU supports these measures to increase fairness in the tax system.

Sincerely

(Grant Belchamber, for)

Jeff Lawrence

Secretary, ACTU