Submission to the Economics Legislation Committee regarding
Superannuation (Excess Transfer Balance Tax) Imposition Bill 2016 and the Treasury Laws Amendment (Fair and Sustainable Superannuation) Bill 2016 to the Economics Legislation Committee

My Points:

1. **Cap too low as takes no account of diminution in assets due to market corrections or crashes. After the GFC I watched my carefully managed superannuation account at Unisuper reduce by 50%. I believe the cap is too low to encourage self reliance and should be set at $2million per person.**
2. **The inability to segregate assets could induce high risk taking once again mitigationg against prudent management and discriminate againse SMSF.**
3. **The audit and accounting costs will reverberate throughout the industry reducing returns and blowing out costs.**

I refer to a study by DBA lawyers –

"The proposed $1.6 million transfer balance cap measure involves substantial changes to Australia's superannuation system, especially the tracking of each member's personal balance cap. The balance cap proposal will reduce the tax effectiveness of pensions due to the new cap and have a major impact on succession planning strategies giving rise to substantially more tax payable overall in respect of death.

In particular, many couples will not like the fact that their deceased spouse's reversionary pension gets 'retested' to a surviving spouse where the surviving spouse is subject to only their own $1.6 million personal balance cap. The Government has seen that raising extra tax revenue is preferred rather than allowing a deceased spouse's pension that would have already been tested within their personal transfer balance cap to revert to a surviving spouse. We see this as a major issue that is likely to arise in submissions.

The draft legislation does not reveal that any alternative systems of administering the balance cap have been examined. **This is a great pity as 100% of members will pay for a complex and expensive system that is only expected to impact less than1% of fund members. The tax system relies on self-assessment, why should it be any different for the balance cap?**

- See more at: http://www.dbalawyers.com.au/announcements/the-1-6-million-transfer-balance-cap-explained/#sthash.naD7OTph.kFvGxfl8.dpuf

In conclusion if the exercise is a revenue raising one then why not consider other forms such as a GST because the amount of trouble and angst caused to seniors who have carefully saved all their lives by the actions of a few has resulted in complex and unwieldy legislation. There is far more temptation to withdraw the surplus accumulated and invest in other areas.

A further point of concern is the selection of cost bases for assets.

Yours sincerely

Carolyn
Dr Carolyn V. Currie, Ph.D, M. For. Accy.,M.Com(Hons), B.Ec(Hons), B.Com(Merit), FFinsia CPA, ACSA.
Managing Director Public Private Sector Partnerships Pty Ltd.