



Thursday 15 August 2019

Senate Standing Committees on Economics  
PO Box 6100  
Parliament House  
Canberra ACT 2600

E-mail: [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

**Dear Senator Brockman**

**RE: Treasury Laws Amendment (2019 Tax Integrity and Other Measures No. 1) Bill 2019**

Super Consumers Australia at CHOICE welcomes the opportunity to comment on Treasury Laws Amendment (2019 Tax Integrity and Other Measures No. 1) Bill 2019, specifically schedule 7, relating to salary sacrifice integrity.

**Super Consumers Australia supports the bill in its current form.**

Our position is consistent with CHOICE's previous submission to the Senate Standing Committees on Economics in September 2017, relating to schedule 2 of Treasury Laws Amendment (Improving Accountability and Member Outcomes in Superannuation Measures No. 2) Bill 2017, that the salary sacrifice integrity reforms be progressed in full.

In June 2006, the ATO confirmed that a 'Salary sacrifice loophole' exists allowing an employee's voluntary super contributions to be counted towards their employer's compulsory obligations.

The ATO issued a ruling (SGD 2006/2<sup>1</sup>) confirming that employer contributions to a complying superannuation fund or retirement savings account made under the arrangement in lieu of 'salary' for the individual are employer contributions for superannuation guarantee purposes of the Superannuation Guarantee (Administration) Act 1992.

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<https://www.ato.gov.au/law/view/pdf/pbr/sgd2006-02.pdf>

In 2017, both the Superannuation Cross Agency Working Group<sup>2</sup> and the Senate Economics References Committee inquiry into non-payment of the super guarantee<sup>3</sup> recommended that the loophole be closed.

The government responded by introducing a fix in schedule 2 of Treasury Laws Amendment (Improving Accountability and Member Outcomes in Superannuation Measures No. 2) Bill 2017, but this floundered in parliament for almost two years, before finally lapsing on 1 July this year.

Industry Super Australia has modelled the 'cost' of the salary sacrifice loophole at an estimated \$1.5 billion per year, affecting some 370,000 workers.<sup>4</sup>

We welcome the introduction of Treasury Laws Amendment (2019 Tax Integrity and Other Measures No. 1) Bill 2019, which addresses several non-controversial measures. We specifically support schedule 7, which will come into effect on 1 July 2020, closing the 'Salary sacrifice loophole' a full 14 years after it was formally acknowledged.

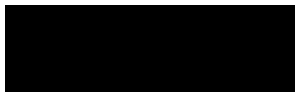
*Who are Super Consumers Australia?*

Super Consumers Australia was formed in 2013 as a not-for-profit to advance and protect the interests of superannuation consumers. During its start-up phase Super Consumers Australia is partnering with consumer advocate CHOICE, with plans to secure permanent funding to establish a stand-alone specialist voice for consumers in superannuation.

**Recommendation:**

1. We recommend senators pass the bill in its current form.

Yours sincerely,



Cameron Sinclair

**Senior Policy Adviser - Super Consumers Australia**



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<sup>2</sup> [https://treasury.gov.au/sites/default/files/2019-03/P2017\\_T200724.pdf](https://treasury.gov.au/sites/default/files/2019-03/P2017_T200724.pdf)

<sup>3</sup> [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Economics/SuperannuationGuarantee/Report](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/SuperannuationGuarantee/Report)

<sup>4</sup>

<https://www.industrysuper.com/assets/FileDownloadCTA/d62c256bec/Super-Scandal-Unpaid-super-guarantee-in-2016-17-formatte-d-versio-for-final-compliance-tick-V5.pdf>