

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

2015 - 2016

**Department/Agency:** Treasury

**Question:** AET 49

**Topic:** Superannuation tax modelling

**Reference:** Hansard page no. 81 - 10 February 2016

**Senator:** Ketter, Chris

**Question:**

**Senator KETTER:** My question was: what modelling have you done internally? Has anything been done?

**Mr Heferen:** We have certainly looked at the Deloitte model.

**Senator KETTER:** Under those models—and you may not be able to answer this question at this point—how many Australians would pay more tax on their super under these scenarios?

**Mr Heferen:** Under the Deloitte model?

**Senator KETTER:** The marginal tax rate minus, say, the 15 per cent.

**Mr Heferen:** A lot would depend on what that rebate was. I think with the Deloitte one, before I get myself into trouble, I better take it on notice. Otherwise, I could potentially mislead. I must confess, I know the work has been done, but I cannot recall specifically what their rebate amount is. Then, of course, the other tricky thing in this is that would be compared to the current marginal rates system. Obviously, if the proposal from Deloitte, as I am sure, was geared toward saying, 'If that tax treatment was changed, here is extra revenue', then the question is what you would do with that extra revenue. One logical place is we would use that extra revenue to change the personal tax system. Once you change the personal tax system, then whether someone is worse off or better off is a function of how that money is churned back through the personal tax system changes, and the net result there.

**Senator KETTER:** I am just talking about purely when you have a system where the tax being paid is the marginal tax rate less the 15 per cent, and not talking about what you might do with what that generates.

**Mr Heferen:** Okay. That, by definition, raises money. Absent any other change, a lot of people would be worse off—if you take not having a high rate of tax applied to your super as being worse off, if there was no other change. But I would have to go back and check the work that Deloitte did, but I am sure that they would be arguing, 'Make this change and don't do any other.' That would seem to be a little self-defeating.

**Senator KETTER:** Under this scenario, how many Australians earning less than \$150,000 a year would pay more tax on their super?

**Mr Heferen:** I would have to take that on notice.

**Senator KETTER:** When you have a system where different rates of tax apply to superannuation contributions, who is responsible for calculating the right amount of tax and remitting it to the tax office?

**Mr Heferen:** That would depend on the design detail. I must confess, I do not recall, in reading the Deloitte work, how much attention they put on that. But, logically, that could be resolved by the ATO, because the super funds report to the ATO and the ATO would have all the TFNs of the relevant account holders. It could potentially be resolved by the superannuation funds. I guess that would be trickier because they would not necessarily know if this individual had other superannuation funds, which, of course, the ATO does—or, at

least in principle, it can because the information is reported. But, again, I would have to take it on notice to check to see what they did.

**Answer:**

The Deloitte modelling report is insufficiently detailed to answer this question. As the number of people affected would change depending on the detailed policy specification, it is not possible to provide an estimate of the people affected, nor determine who would process the tax calculations.