

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury**

**Australian Taxation Office**

Budget Estimates 2004-05, (3 June)

**Outcome 2, Output 2.2.1**

**Topic: Death benefits**

**Hansard Page: E47**

Senator Murray asked:

It will be very brief. You may want to come back tomorrow with this. I want to ask you about death benefits. Does the tax office know how much tax is collected from the taxation of death benefits paid from superannuation funds? In other words, when people die, they cannot leave their money to some sectors of the population—a son to his mother or a mother to her sister, these sorts of things—and they end up getting taxed on it, in contrast to other people who can leave their super money to other people. That is a de facto death benefit.

Mr Carmody, you understood the question about death benefits, so I will just move straight to the answer.

*Mr Carmody—You asked whether we had a particular split of the tax from no effect. It is not readily available, so I am not able to supply you with a figure here. My experts have said, if you are happy for me to take it on notice, they will investigate whether there is a reliable way of estimating it from related data. So I am afraid we do not have a readily available answer, but if you are happy for me to take it on notice I will commit that we will do everything we can to try to get a reliable estimate.*

**Senator MURRAY**—I would be happy, Mr Carmody. I would be content with a snapshot, frankly. Take a random sample of whatever you think is meaningful—a hundred cases—and see what the incidence is. My concern is that there is an inequity. Some people are being taxed in the same circumstances as others simply because of the legal structure of the dependency. So, if we could get some feeling as to what that means in the community, that would be helpful.

*Mr Carmody—I will commit that we will do what level we can reasonably—*

**Senator MURRAY**—I certainly do not want you to trawl through your several million taxpayers, but a snapshot would do me fine.

**Answer:**

Based on ETP payment summary data for the 2002/03 income year, around \$8m in tax was withheld from approximately 6,000 death benefit ETPs paid to non-dependants by Superannuation Funds (as at 2 July 2004).