

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

TREASURY

Australian Taxation Office

(Budget Estimates 30 May 2006)

Question: bet 132

Topic: Early retirement and redundancy payments to people over the age of 65

Hansard page: Written question

Senator Sherry asked:

How many people are affected by the provision in the tax act (11-140-Conditions of payment) that excludes people over the age of 65 years from early retirement schemes?

Answer:

The Tax Office does not collect the statistical information required to answer this question. Section 27F of the *Income Tax Assessment Act 1936* includes a limitation of age 65 on Eligible Termination Payments (ETPs) paid as a result of dismissal from employment from qualifying as a bona fide redundancy payment. Consequently, ETPs paid to persons over the age of 65 are reported as ordinary ETPs for tax purposes. There is no means by which the Tax Office can readily determine the circumstances of the payment of the ETP in these cases.