

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates, 2 June – 4 June 2009

Question: bet 131

Topic: Tax Laws Amendment (2009 Measures No. 1) Bill 2009

Hansard Page: Written

Senator Bushby asked:

1. Under the *Tax Laws Amendment (2009 Measures No. 1) Bill 2009* passed in parliament in March, salary sacrifice contributions to superannuation will be included in assessments of income for many government assistance programs, including, but not limited to, income support payments and the superannuation co-contribution scheme.
 - a) Does this include the Age Pension? It is not listed in the explanatory memorandum, chapter 5, table 5.1 which lists programs to which the amendments relate.
 - b) Does this also mean that if a person is salary sacrificing into their super, this will be counted as income for their spouse? Will salary sacrifice into super of a spouse who is below Age Pension age will be counted as income in assessing the Age Pension of the partner (who is Age Pension age)

Answer:

The Age Pension is among the list of means-tested government assistance programs whose income test has been affected by the *Tax Laws Amendment (2009 Measures No. 1) Act 2009*.

However, the amendments will only affect eligibility for the Age Pension to the extent that the partner of an age pensioner is below Age Pension age and makes salary sacrificed contributions to superannuation. This is because salary sacrificed contributions to superannuation are already included as assessable income in determining eligibility for the Age Pension for individuals above Age Pension age.

The amendments mean that salary sacrificed contributions to superannuation will now be assessed consistently for individuals both above and below Age Pension age.

The combined income test for the Age Pension assesses both members of the couple's income. This means that salary sacrificed superannuation contributions of a spouse who is below Age Pension age will be counted as income in assessing the Age Pension of the partner (who is of Age Pension age).