

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Supplementary Budget Estimates, 2 - 3 November 2005

**Question: SBT 15**

**Topic: Response to Senate QoN 541**

**Hansard Page: E56**

Senator Sherry asked:

Who in Treasury would be responsible for drafting answers in this area?

Could you, yes, take it on notice and see who prepared that.

Answer:

The Superannuation, Retirement and Savings Division within the Revenue Group had primary carriage for drafting the answer to Senate Question on Notice 541.

The question was viewed as being general in nature, raising a technical issue relating to the operation of the surcharge legislation. It was not clear that the question related to the specific circumstances of an individual who had received financial compensation.

Lump sum payments of income in arrears that cover earlier years of income form part of an individual's assessable income in the year of receipt. However, for income tax purposes, the individual may be eligible for a tax offset. For the purposes of determining an individual's adjusted taxable income for surcharge purposes, the individual's taxable income (including the lump sum payment in arrears), together with their surchargeable contributions and their reportable fringe benefits, are used. However, such payments received after 30 June 2005, have no surcharge implications due to the abolition of the superannuation surcharge.

This is the intent the original answer sought to convey.