

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

21 – 22 October 2009

Question: sbt 44

Topic: Tax Relief Merging Super Funds Review

Hansard Page: E47 (22/10/09)

Senator BUSHBY asked:

Senator BUSHBY—The tax relief merging super funds review was established on 16 January this year. Where is that review up to?

Senator Sherry—I made the announcement in January related to providing tax relief for funds that merged. There were to be discussions about any detailed issues. It was not a matter of reviewing to give tax relief. The decision was made to provide tax relief.

Senator BUSHBY—Are the mechanisms in place for that to occur?

Senator Sherry—One of the officers might be able to assist us as to the detailed consultation.

Mr McCullough—I do not recall the exact detail. You might be referring to relief from capital gains tax for merging super funds in some limited circumstances.

Senator BUSHBY—That is probably it.

Mr McCullough—The government has definitely made an announcement on that. I do not have the progress of that particular measure with me. From memory, I believe it has been consulted on and is heading towards introduction in due course. I can take that on notice.

Senator BUSHBY—I am happy for that to be taken on notice. In doing so, can you advise where the review is currently at or where the development of the measure is currently at?

Mr McCullough—It was not a review as such.

Senator Sherry—There has been an overuse of the description ‘review’. This is not what we would describe as a review. It was a decision.

Senator BUSHBY—What was the cost of implementing that decision to date?

Senator Sherry—We will take that on notice.

Answer:

The loss relief for superannuation funds that merge was initially announced on 23 December 2008. On 29 April 2009 the Government announced that the period of operation of the measure would be extended by 12 months to 30 June 2011 and the scope of the measure expanded to cover a broader range of entities and to cover revenue losses. The legislation has been developed following extensive consultation with superannuation industry representatives. The amendments to implement the measure were introduced into Parliament in Tax Laws Amendment (2009 Measures No. 6) Bill 2009 on 25 November 2009.

The measure was developed as part of the routine legislative development work of the Revenue Group of Treasury which is covered by normal departmental funding. No additional funding has been required to implement the measure.