

# The McIlwains

## Entrepreneurs, Investors

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### Companies :

Sylvan Waters Pty. Ltd ACN 009 893 412  
Waterway Wonderland Pty Ltd ACN 009 856160  
Entities : JR & BJ McIlwain Partnership AEN 91 935 930 772  
McIlwain Trust One ABN 30 230 488 429  
McIlwain Trust Two ABN 67 855 803 196

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AUSTRALIA

The Secretary,  
Senate Economics Reference Committee,  
Room SG. 64,  
Parliament House,  
**CANBERRA, ACT. 2600.**

12th January, 2003

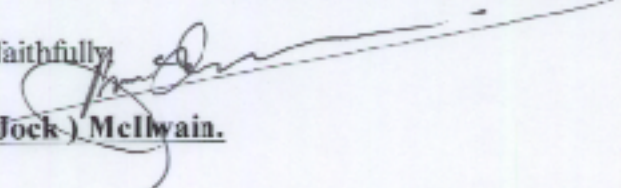
Dear Sir/Madam,

### Inquiry into Taxation System

I am a 76 year old , self funded retiree, who believes that, despite the taxation system, I have accumulated sufficient capital, through frugality, rigid savings and careful investment, to see out my own and my wife's remaining years. We will not be a burden on current taxpayers and have not and will not seek or require any assistance from the welfare system. We both pay tax.

The capital gains tax regime, as presently constructed and brought in to eliminate rife speculation, is one of the most significant disincentives to saving and accumulation of retirement funds that exists in Australia. The change that was made in recent years whereby only half the capital profit on the sale of an asset, regardless of how long it is held, is taxed at the marginal tax rate was a " band aid " job, which did not get to the crux of the matter. The system should revert with one major modification to the no capital gains regime that applied pre 1987. Australian Taxpayers should be encouraged to become " little capitalists " and to accumulate income earning assets to enable them to finance their own retirements in comfort. If a taxpayer shows his/her bona fides by purchasing an asset out of savings and retaining that asset **for at least 5 years**, why should he/she be required to pay any tax at all in the event of sale of the asset ( which is probably only sold to enable the purchase of a more favourable asset and to progress retirement funding )? Such a regime would encourage the taxpayer to save even more. They would become excited about saving and investment because they would see in a very few years splendid benefits arising from their actions.

Your faithfully

  
**J.R. ( Jock ) McIlwain.**