

# Senate Economics References Committee

## Structure and distributive effects of the Australian Taxation System

### SUBMISSION

**SUBMISSION NUMBER:** 95

#### SUBMITTER

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14 June 2003

The Secretary  
The Senate Economic Reference Committee  
Parliament House Canberra 2600

Sir

Will you please put before the Committee my submission in regard to  
*"the combined effect of welfare and taxation systems"*  
on our particular circumstances.

Duplication

The Government pay us an Old Age Pension. The Government take money from us in taxes, including CGT. From the national point of view two departments check our finances. From our point we must keep careful count: we cannot complain of that as we are grateful suppliants.

Disincentive to Work

For every dollar we earn the pension decreases by 40c and tax takes 17c, if not 30c. Working involves expenses: call that 13c. So we work for about 40c with more work bringing a benefit of about 15c for every \$1 earned. It may be asked, as I am 75 years of age, my wife 70, why should we work. There are two good reasons: we should contribute and it is good for us.

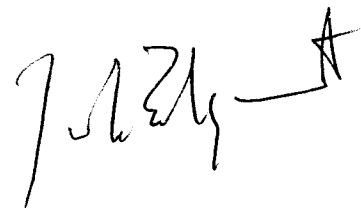
Disincentive to Save

As our earnings lessen, we draw down from savings (invested in shares) made in higher earning and higher taxed years. We are then met with Capital Gains Tax - \$14,673 in 2000, \$2,550 in 2001, \$1,163 in 2002. It seems our effort to save for our future is not rewarded.

If this submission is not in the correct form or more information is required, please tell me.

Yours faithfully

John Redgment



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