

UNITED FIREFIGHTERS UNION OF AUSTRALIA

21 May 2007

Peter Hallahan
Committee Secretary
Senate Economics Committee
Parliament House
Canberra ACT 2600

Email: economics.sen@aph.gov.au

Inquiry on Tax Laws Amendment (2007 Measures No. 3) Bill 2007

Dear Committee Secretary,

The United Firefighters Union of Australia (UFUA) makes this submission to the Senate Economics Committee on *Tax Laws Amendment (2007 Measures No. 3) Bill 2007* ("the Bill").

The UFUA wishes to comment on Schedule 4 of the Bill. This Schedule seeks to implement the 5 April 2007 announcement by the Minister for Revenue and Assistant Treasurer, the Hon Peter Dutton MP that superannuation death benefits paid to non-dependants of ADF personnel, Australian Federal Police including Australian Protective Service Officers, and state and territory police killed in the line of duty (or as a result of injuries sustained in the line of duty) would be tax free. This measure would be retrospective from 1 July 1999.

Under the Government's recent superannuation changes commencing 1 July 2007, there remain different tax rates depending upon whether a superannuation death benefit is paid to a dependant or non-dependant. If the death benefit is paid to a dependant, it is free of tax but, when paid to a non-dependant, it may be subject to tax of at least 15 per cent.

The benefits could include not just the accumulated superannuation of the deceased but also any death and disability benefits they may have through their superannuation fund.

The concession in Schedule 4 is limited to only particular individuals (police and defence personnel) who die on the job. Not wishing to take away from their sacrifices, the proposal does not take into account the hundreds of others workers, including but not limited to other emergency workers, who die on the job every year. These workers may die with no dependants and therefore the persons receiving their superannuation death benefit (such as parents or other relatives) may be subject to tax.

This is patently unfair. The proposed tax concession should be extended to death benefits paid on behalf of all workers who die on the job.

Yours sincerely,

Brett Baulman

National Executive Officer

United Firefighters Union of Australia

bbaulman@bigpond.com