

From: Cam Seth
Sent: Wednesday, 3 June 2009
To: Economics, Committee (SEN)
Subject: Submission: Tax changes for ex-pats

Dear Sir,

The Australian Government are proposing changes to section 23AG of the Income Tax Assessment Act 1936 which currently provides an income tax exemption for Australian residents' foreign earnings derived from foreign service employment. The Government believes these changes will recoup additional funds by increasing the personal income tax (PIT) payable by Australian workers employed overseas.

I believe the Government is missing the bigger picture, and that these proposed changes will overall have a negative effect on the Australian economy, with the resultant loss of incoming earnings and jobs, out weighing any return from the collection of PIT from those workers who may choose to continue in their overseas employment once their income is subject to full Australian PIT.

With full PIT for Australians working overseas, there is no incentive to remain working overseas, – or, some workers may choose to become non resident. Either way, the Australian economy misses out on these overseas earnings returning to Australia and being circulated into the economy. The recent cash handouts from the Government were intended to inject funds into the Australian economy, hence it seems odd to now be considering policy that will cause a reduction in funds entering the Australian economy.

With rising unemployment, it is nonsensical to create a disincentive for Australians to seek work overseas. On the contrary, the Government should incentivize overseas employment. What better panacea for an ailing economy than to have Australians gaining employment overseas instead of taking jobs in Australia, and their subsequently returning home to invest their foreign income into the Australian economy?

Encouraging Australians to work overseas is a simple and very cost effective means of boosting the Australian economy. It provides a net gain in available jobs and injects foreign sourced funds, thus providing a positive contribution to Australia 's economic recovery.

I ask that you reject any changes to section 23AG of the Income Tax Assessment Act 1936, and instead, consider various means to incentivize Australians to seek employment overseas, whilst remaining resident in Australia .

Thank you,

Cam Seth