

From: Grant & Jo
Sent: Wednesday, 3 June 2009
To: Economics, Committee (SEN)
Subject: Tax law changes

Mr John Hawkins

My name is Grant Sanders and I work in the oil and gas industry and have done for 24 years. I previously worked and lived overseas for a number of years and I have been back in Australia for aprox 4 years working offshore. I have in recent weeks been given a very good job opportunity with advancement in my field to resume employment O/S but residing in Australia. The company I will be working for pays my tax in the host country but now if the new laws take affect I will have to pay tax twice on the same earnings. I work hard for my money with sacrifices working 6-7 months away from family travelling too and from in my own time. If the new tax laws come into affect I will looking to move back O/S and spend my money else where. I wish to live in the lucky country and spend my earnings here. Bellow is a letter that has been written by a large number of my work colleges and bounced back and changed over the past few weeks between us to try and make sense of what is going to happen to the hard working expatriate trying to support his family and get ahead. We have worked hard in this industry in Australia to earn our positions O/S to where we can live a comfortable life, we have earn't it.

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 then 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 vote against 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 a resident in Australia.

Kind Regards

Grant Sanders