

**From:** Craig Dowling  
**Sent:** Wednesday, 3 June 2009  
**To:** Economics, Committee (SEN)  
**Subject:** Fwd: Budget Concerns (23AG)

John Hawkins.  
Comittee Secretary.  
Senate Standing Committee  
Canberra

Dear John,

As a registered voter in the Brand electorate (WA) I would like to highlight some grave concerns I have in regards to the proposed 2009-2010 Budget handed down by yourself with respect to the Foreign Income exemption (23AG ITAA 1936) and also to perhaps get from you your comments and thoughts.

Not only do I personally fall into this category affected by the removal of the exemption but I understandably have many friends and associates that are in the same situation.

Firstly I would like to say that I have been involved in the Oil & Gas industry for 30 years. The first 20 years being as PAYG domestically on the North West Shelf, the following five years as an Australian resident paying Australian income tax on foreign earned income from various locations internationally and finally, the last five years as a self employed consultant engineer working in Vietnam.

This consultancy work in Vietnam has been as a Temporary Resident of Vietnam with a Vietnamese Tax File Number and paying Vietnamese tax and has been carried out under the exemption of (23AG ITAA 1936) because I spend more time in Vietnam than Australia and only return home for leave breaks.

This has been approved and conditional by way of a Private Ruling granted by the ATO for the entire 5 years to date and includes such conditions as not being able to earn any income whatsoever in Australia other than to pay 9% into a nominated Superannuation scheme and to continue paying the Medicare Levy as well as maintaining Private Health Insurance. Other than my self funded Superannuation I cannot even have any investments or income at home.

I understand the need for Mr Swan to have in place a "Road to Recovery" budget but I feel that to remove the 23AG exemption at this point in time, considering the current recession, would be totally negative on the unemployment situation given the fact that myself and countless numbers of my associates will deem the increased Tax burden as unviable and return home to the ranks of the unemployed. We are all currently overseas because there is not enough employment in our professional fields as it is.

The benefits to Australia, from all the unencumbered international revenue being generated and spent in Australia by Australians' on housing, schooling, education, transport, food, clothing, medical, tourism etc, surely far outweighs the mis-guided view that we will all continue to work under hugely disadvantaged conditions, without the compensation of the 23AG ruling in it's present form.

John I would appreciate yours and all the Senators consideration to my point that there is far more benefit to Australia's current economic situation by leaving the 23AG exemption in place, as against a thoughtless decision that will not only seriously compromise our economies recovery but will without doubt place many many more otherwise self-supporting Australian families in need of assistance or support from the current infrastructure.

I believe that Mr Swans' projection of collecting some \$700 million in taxes over the next 4 years for foreign income by removing the exemption, will not happen. It will simply reduce the amount of free international revenue being brought into the Australian economy by overseas workers by a figure far greater than the taxes collected. The general consensus of my colleagues, is to either come home unemployed or to sell up & move their families overseas permanently.

The removal of the exemption for Double Tax treaties, as currently in place through 23AG, applies to everybody that has an Australian address, regardless of nationality, sovereignty or Passport held.

Therefore in addition to the Australian expats, there is also the effect on Foreign Investors who have an Australian address or residence like we do. What would be the consequences to the Australian economy be should they decide that paying tax here as well as their own country be unviable and to pack up and go home like us. I'm talking about all the Malaysians, Singaporeans, Chinese, Japanese, New Zealanders and so forth that all make a valuable contribution to our economy.

As previously mentioned I believe the number of Australian Expatriates & Foreign Investors alike that will be affected by this proposed removal of 23AG exemption will run into tens of thousands, not to mention the complexity and cost of administering the removal of the current exemption. It would be a shame for Mr Swan not to have further consultation on this budget policy, for Australia's sake.

Your thoughts and comments would be greatly appreciated.

Regards

Craig Dowling