

## Appendix 14

### Tax treatment on savings vehicles

	<b>Acquisition/ Contribution</b>	<b>Investment Returns<sup>1</sup></b>	<b>Disposal</b>
<b>Deposits (eg bank cash deposits)</b>	Acquired from after-tax income or borrowings, unless provided by an employer, such that Fringe Benefits Tax (FBT) is generally payable.	Taxed at saver's marginal rate.	Exempt unless assigned to another person, in which case Capital Gains Tax (CGT) can apply.
<b>Consumer durables</b>	As per deposits.	Not applicable. Neither interest payments nor capital payments are tax deductible.	CGT may apply if cost is more than \$10,000.
<b>Family home (main residence)</b> a) deposit on a principle residence b) reducing existing mortgage	As per deposits.	As per consumer durables.	Exempt.
<b>Investment property</b> a) Negative gearing b) Positive gearing	As per deposits.	Net losses (negative gearing) reduce taxable income. This reduces tax payable according to the taxpayer's marginal tax rate. Net income (positive gearing) taxed at taxpayer's marginal tax rate.	CGT applies. Net gains brought to account at the taxpayer's marginal tax rate. Application of CGT discount means that gains will be taxed at no more than 24.25% if property owned for at least one year.
<b>Other assets</b>	As per deposits.	As per investment property.	As per investment property.
<b>Equities (shares)</b>	As per deposits (unless provided under an employee share scheme).	Dividends taxed at marginal tax rate, however, dividend imputation provides a	As per investment property.

<sup>1</sup> Excludes capital gains.

		tax-offset entitlement in respect of the franked entitlement, recognising tax paid at the company level.	
<b>Life insurance</b>	As per deposits.	Taxed at 30% in the life office's hands.	Exempt if held for more than 10 years. Where held for less than 10 years, investors receive a 30% rebate for the portion of investment returns they are assessed on.
<b>Superannuation-employer contributions</b>	Made from gross earnings, not after tax income of saver. A 15% tax on contributions applies. Surcharge (of up to a maximum of 15%) applies to higher income earners.	Reduced tax - fund earnings taxed at 15%. Maximum CGT rate for super funds is 10%.	See superannuation benefits.
<b>Superannuation-employee contributions</b>	Made from after tax income – not taxable (except deductible contributions made by the self-employed).	Reduced tax – fund earnings taxed at 15%. Maximum CGT rate for super funds is 10%.	See superannuation benefits.

The following taxation arrangements for superannuation benefits apply for individuals who have reached age 55. For those aged 55 years and below, less concessional tax rates apply.

---

### **Superannuation benefits**

---

- Lump sums**
- . Return of employee contributions (ie capital) is untaxed.
  - . Balance is tax free up to \$112,405.
  - . Balance between \$112,405 and lump sum RBL of \$562,195 is taxed at 15%.
  - . Excessive ETP tax applies for lump sum amounts above RBL.
- Pensions**
- . Taxed at marginal rates. However, 15% rebate available for that component that represents the return of the employee's own contribution.
  - . Allocated pensions (tax not payable of fund returns). Pension RBL is \$1,124,384. At least 50% of an individual's superannuation benefit must be taken as a complying pension to access the pension RBL.
-