

SUBMISSION TO THE SENATE COMMITTEE EXAMINING THE ISSUES
SURROUNDING THE TAXING OF LUMP SUMS PAID BY FOREIGN
SUPERANNUATION FUNDS

I am not an expert in these matters – however I do know that I am being treated unfairly in regards to the tax being levied on my lump sum payment from the British Telecom pension fund.

I was a late immigrant to Australia arriving in 1982 at the age of 41. At that time I received advice that the UK Government would not allow me to withdraw or transfer my contributions to an Australian fund.

I left my contributions in the UK, as I knew that they would pay me a lump sum at the age of 60 and then superannuation monthly payment. This started in July 2001. The payments made were double those that I had been told they were worth when I left.

I now find that the similar increase in the lump sum payment will be treated as part of my income for the year in which it was paid. I estimate that I will pay between 20 and 25% of the lump sum in tax.

Given that

- The UK fund is similar to many approved funds in Australia
- The only reason tax is payable on this lump sum is that it is moved from one country to another. (As I understand it no tax would be payable either in Australia or the UK on similar payments if paid to recipients in the same country as the fund is based.)

I feel that it is wrong to tax me in this way.

The situation is made worse in my case because I emigrated later in life. If I had left earlier the amount of the lump sum payment would not be as big and I would not be paying as much. I am talking in terms of an amount that would buy me a small car and that means a lot to people aged 60 who have done the right thing and prepared their affairs so that they are self sufficient.

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16th April 2002