

Super Tax. Super Unfair.

The Abbott Government will repeal the low income superannuation contribution and abandon changes to high income super which will:

1. Increase the tax on superannuation paid by workers earning less than \$37,000 from 0% to 15%
2. Reduce the tax on superannuation paid by workers who earn over \$300,000 from 30% to 15%

The changes will reverse the Labor's plans to boost the retirement savings of low paid workers while ensuring the country's top earners pay their fair share of tax.

Increased Tax

The increased tax on super will negatively impact 3.5 million low-income workers who will now miss out on about \$830 million dollars in retirement savings (based on Government forward estimates).¹

Under the Abbott changes, workers who earn \$35,000 will have their super contributions reduced by \$485.62 or 15%.

Increased concession for top earners

The changes will mean that those earning over \$300,000 will be paying the same tax rate on their super as the country's lowest paid workers.

Under the Abbott changes, people who earn \$300,001 receive \$3,750 in tax savings into their superannuation accounts.

Distribution of Tax Concession

Abbott's changes will reinforce inequality in the way that superannuation is taxed and in the retirement savings that workers will have access to later in life. One way of assessing this inequality can be seen in a comparison of tax concessions received by different earnings groups.

The table below outlines the tax concessions received by workers based on their earnings, after the Abbott changes (calculated as the difference between income tax and superannuation tax).

Taxable income	Marginal tax rate	Superannuation Tax rate	Superannuation contributions tax discount
0-\$18 199	0%	15%	-15%
\$18 200-\$36 999	19%	15%	4%
\$37 000-\$79 999	32.5%	15%	17.5%
\$80 000-\$179 999	37%	15%	22%
\$180 000+	45%	15%	30%

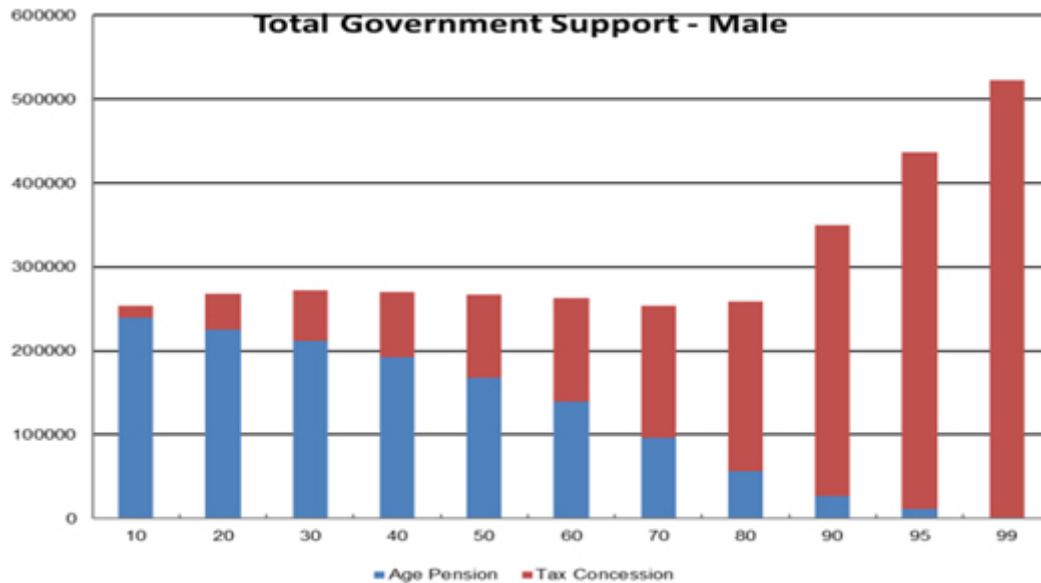
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http://www.futuretax.gov.au/content/Content.aspx?doc=FactSheets/low_income_earners_govt_contribution.htm

What the table shows, is that those most able to afford to pay for their own retirement (earning more than \$180,000) get a 30% discount on money they put into super while those who are worse off actually pay more tax than normal on their super.

This can also be illustrated by the amount of Government support that male workers will receive in their retirement. In the graph below, the first column represents how much Government support is received by the lowest 10% of male earners (approx. \$250,000, mainly in the form of the age pension) and how much is received by the top 1% of male earners on the far right (approx. \$520,000 in the form of tax concessions).



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Abbott’s changes will see further increases in retirement inequality.

It’s estimated that the average couple will need a superannuation account balance of at least \$716,000 in order to live comfortably in retirement – which doesn’t take into account future medical costs⁴. This is a difficult task for those earning less than \$38,000 a year, and will only become harder after Abbott’s changes.

² http://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/bd/bd1213a/13bd144 Source:

³ <http://www.treasury.gov.au/Policy-Topics/SuperannuationAndRetirement/Superannuation-Roundtable/Distributional-analysis-of-superannuation-taxation-concessions>

⁴ <https://www.moneysmart.gov.au/superannuation-and-retirement/how-super-works/super-contributions/how-much-is-enough>