

The treasurer in the last government (Mr Costello) strongly encouraged everyone to continue work after reaching pensionable age.

The age pension is reduced by 40 cents in the dollar for income earned above \$ 6,240 by a couple.

With minimal income and the reduced pension it quite easy to reach the 15% marginal income tax rate.

The effective tax rate on the age pension at the margin is therefore 55%, somewhat higher than the top marginal rate of income tax.

Consider a part time job at a local supermarket (filling shelves 12 hours per week). The rate of pay is \$20 per hour.

The age pensioner is effectively taxed at 40% on this income, a wage of \$12 per hour.

One has to ask is it worth rising at 5 a.m. travelling to work, filling shelves and travelling home for \$ 12 per hour ?

Consider a couple running a SOHO business with a net profit of \$20,000 p.a. This income stream would reduce the combined age pension by \$ 8,000 p.a.

Such a business might raise \$ 6,000 in GST revenue (assuming gross sales of \$ 60,000 + GST) for disbursement by government and generate income for other businesses and utilities such a telephone, internet and so forth

The hours of work, compliance costs and complexity of even a micro SOHO business makes the 40% effective tax rate on the age pension seem not only unfair but a distinct disincentive to continue.

I suggest that the threshold for "allowable" income be reviewed and significantly increased.

I do not have any difficulty with "deeming" financial assets as an income source

Thank you.

Roger C Leslie