

## **Australia's Future Taxation System**

### **Submission regarding Australia's retirement income system**

**By Melissa Parke MP  
Federal Member for Fremantle**

#### **Superannuation Tax for Australian retirees from the United Nations**

I make this submission as a federal Member of Parliament and as a former United Nations (UN) staff member.

It has come to my attention that the 580 Australian retiree recipients of superannuation pensions from the United Nations Joint Staff Pension Fund currently have their pensions taxed as "foreign-sourced" income.

I submit that these United Nations retirees should not be treated less fairly than other Australians under our superannuation and tax system. My reasons are set out in the following paragraphs.

#### **About the United Nations Joint Staff Pension Fund and taxation arrangements for employees**

"The United Nations Joint Staff Pension Fund is a fund that was established by the United Nations General Assembly in 1949 to provide retirement, death, disability and related benefits for staff of the United Nations and the other organizations admitted to membership in the Fund."<sup>1</sup>

Australians working for the UN are international civil servants but their nationality is taken into account in the context of recruitment, promotions, and other human resources matters due to the requirement that staff recruitment conform to an appropriate geographic distribution.

Australian staff working for the UN form part of Australia's official quota of nationals working in the UN system. While they do not pay income tax in Australia while working for the UN, there is a Staff Assessment deducted from the wages of Australian UN staff, and this money is credited to Australia through the UN Tax Equalization Fund which provides an offset for Australia's financial contributions to the UN<sup>2</sup>.

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<sup>1</sup> [https://pengva1.unjspf.org/UNJSPF\\_Web/page.jsp?role=bene&page=Overview&lang=eng](https://pengva1.unjspf.org/UNJSPF_Web/page.jsp?role=bene&page=Overview&lang=eng)

<sup>2</sup> <http://www.un.org/Depts/oppba/accounts/tax/faqs/faq02.htm>

In addition, the United Nations Joint Staff Pension Fund invests a portion of its money in Australia, and the Australian Government is involved in the management of the fund via the UN General Assembly.

The fact is that Australians working for the UN do contribute to Australia's consolidated revenue, and yet our current tax system penalises them for undertaking their important global work.

The objective of the foreign-sourced superannuation tax is to prevent those who have spent part of their working life outside Australia from avoiding their tax obligations on retirement. Placing the retired officials of the UN in the same category as those receiving post-employment income from multinational corporations is unreasonable and unfair. It is also incompatible with the fact that those Australians who work in UN organisations and agencies form part of Australia's official quota of nationals in the UN system, and are therefore akin to Australian-based public servants working abroad.

### **Benefits of changing the foreign-sourced taxation treatment for Australian retirees from the United Nations**

Our tax system should treat Australian nationals who work in the international public service in the same way that we treat public servants working for Australia abroad.

This will create a fairer retirement income taxation system and will have minimal impact on revenue as there are currently only 580 UN retirees resident in Australia.

### **Conclusion**

Australian UN retirees are people who have devoted a considerable part of their lives to the humanitarian cause in some of the world's most inhospitable places, and they have done that as Australians.

I strongly encourage the Review of Australia's Retirement Income System to recommend a change to this current taxation arrangement. For further information on this issue the review should contact [removed for privacy reasons], President of the Australian Association of Former International Civil Servants [removed for privacy reasons].