

Our association, the Superannuated Commonwealth Officers' Association represents the retirement interests of former C'wlth. and Territory public servants.

Superannuation and how it is taxed are major issues for our constituency **who number almost 200,000**. There are many other retired tax payers who belong to private enterprise, un-taxed super schemes who this issue affects

We have read the terms of reference for the Dr Henry review and remain confused as to whether or not the review is to examine:

- i) The taxation of superannuation for members of **un-taxed super schemes**, which include not only former C'wlth. and Territory public servants and former Federal MPs, but also members of un-taxed schemes in private enterprise, and
- ii) Taxation of **non superannuation income** for members of un-taxed super schemes.

Item 3.2 of the terms of reference for the review refer to retirees whereas item 5 says that the review will **"preserve tax-free superannuation payments for the over 60's."**

As you are no doubt aware, members of un-taxed super schemes pay full marginal tax rates on their super but receive a 10% tax offset. Members of taxed super schemes pay no tax on their super after reaching age 60.

Any non super income for members of un-taxed super schemes is added to their super income to determine their marginal tax rate for the former.

However, because they pay no tax on their super after age 60, members of taxed super funds pay a lower rate of tax on any non super income because their super is not added to their non-super income to determine the tax rate for the latter.

We are unsure if, when the Better Super arrangements were designed, it was realised that this discriminatory taxation of non super income would result and wish to have the Dr Henry review examine this matter.

Would you please advise me if the review is able to/going to examine this matter?

Regards

John Coleman