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### Tax cuts should give everyone a fair go – Government urged not to abandon super tax refund for low income earners

**The Australian Institute of Superannuation Trustees (AIST)** has urged the Federal Government not to abandon existing superannuation equity measures for low income earners in the upcoming Federal Budget.

The Government has said it will repeal the **Low Income Superannuation Contribution (LISC)** scheme that has provided a super boost of up to \$500 a year for earning less than \$37,000 year. The scheme, introduced two years ago, benefits an estimated 3.6 million Australians, or nearly one third of the total workforce – many of them part-time workers.

**AIST CEO Tom Garcia** said the LISC scheme was introduced to keep super fair for all Australian workers and resolve a major flaw, whereby low income earners were effectively penalized by the compulsory super system by having a higher tax rate on their super than their take home pay. This contrasts with the situation for middle to high income earners, who receive significant tax breaks on their compulsory super contributions.

“At the time when there is a community debate about the inequity of the superannuation tax concessions, repealing the LISC will only make the system less equitable,” said Mr Garcia. “It’s hardly fair to expect low income earners to be taxed at a higher rate within a system where participation is compulsory.”

Mr Garcia said today’s speculation that the Government was considering cutting the company tax rate added weight to AIST’s call for the Government to retain the LISC. Both the LISC and cuts to the company tax rate were originally proposed to be funded through the Minerals Resources Rent Tax (MRRT) which the Government intends to repeal.

“If the Government can potentially de-couple the corporate tax rate cut from the MRRT with a stroke of a pen, then surely it can do the same for the LISC, which is vital for tax equity.”

Mr Garcia said there was broad consensus across the financial services sector that the LISC scheme – which costs the Government about \$1 billion a year – was good policy.

“We’ve heard a lot about the need for sustainability and equity in our retirement incomes system. This is exactly what the LISC scheme is all about.”

#### Further media enquiries:

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***AIST is the peak industry body for the \$600 billion not-for-profit super sector which includes industry, corporate and public sector funds covering the super interests of nearly two-thirds of the Australian workforce.***