

Focus of super tax reform should be on fairness not plugging Budget holes

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The focus of superannuation tax reform should be on improving fairness rather than introducing Capital Gains Tax changes that will reduce retirement income for all Australians, **The Australian Institute of Superannuation Trustees (AIST)** said today.

Commenting on the Parliamentary debate about reducing the Capital Gains Tax exemption for super funds, **AIST CEO Tom Garcia** said such a move would hit the retirement savings of all fund members.

“We urge the Government to re-focus super tax reform on improving fairness in the system and setting system objectives,” Mr Garcia said. “Reforming super is not about plugging Budget holes, it is about ensuring the system improves retirement outcomes for all.”

Mr Garcia said cutting the CGT discount for super funds would undermine investor confidence in the compulsory super system and distort investment markets.

“The reason CGT discounts apply in superannuation is that they provide an incentive for long-term saving and any reduction to the current discount would dilute this,” Mr Garcia said.

Mr Garcia warned the Government against making ad-hoc tax changes to superannuation without finalising the Tax Inquiry and the objectives of superannuation.

“Just about every week brings a different proposal for super which must be causing great uncertainty for working Australians saving for their retirement,” Mr Garcia said.

“Legislating objectives for super will put an end to ad hoc policy tinkering and provide a robust framework with which to assess future policy proposals.”

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AIST is the peak industry body for the \$650 billion not-for-profit super sector which includes industry, corporate and public sector funds.