



Senator Mathias Cormann
Shadow Assistant Treasurer
Shadow Minister for Financial Services and Superannuation
Level 38, Exchange Plaza
2 The Esplanade, Perth, WA

VIA EMAIL: senator.cormann@aph.gov.au

Dear Senator,

TAX TREATMENT OF SUPERANNUATION DEATH BENEFITS

Further to our recent conversation at the SISFA SMSF Forum held in Sydney last Wednesday, attached please find SISFA's recent submission on Draft Taxation Ruling 2011/D3.

In SISFA's view, the direct and indirect death taxes applicable to superannuation funds, in the general sense, requires review.

Consider the following potential implications in the event of death of a pension recipient where the beneficiary is an adult child (ie, not a dependant for tax law purposes).

1. The standard 16.5% tax applicable to the Taxable Component of the benefits;
2. A capital gains tax rate of at least 10% (ATO view) - the subject of attached submission;
3. If the deceased member's pension account included life insurance proceeds, a 31.5% tax rate applicable to the Untaxed Taxable Component;
4. If dutiable assets are not sold or cannot be sold, stamp duty also applies in providing a superannuation lump sum benefit.

If you wish to discuss our submission further, please do not hesitate to contact me.

Regards,

A handwritten signature in black ink, appearing to read 'Darren Kingdon', written in a cursive style.

Darren Kingdon
Director and Technical Committee, SISFA
13 September 2011

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