



Friday 5 December 2008

General Manager

Income Reforms Team
Personal and Retirement Income Division
The Treasury
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Via email

Dear General Manager,

LETTER OF RESPONSE - REFORMS TO INCOME TESTS

Taxpayers Australia welcomes the opportunity provided by Treasury to comment on the 'Reforms to Income Tests' consultation paper dated November 2008, together with its exposure draft legislation entitled *Tax Laws Amendment (Budget Measures No.1) Bill 2009*.

We appreciate the Government's initiative in its measures to reform income tests that apply across a range of tax and transfer systems.

Essentially, we are highly supportive of both the 'key concepts' (as detailed in the paper) that surround the overall policy objective and the accompanying exposure draft legislative package for the policy's implementation.

Accordingly, we will not be lodging a formal submission at this time.

However, because of the limited timeframe in which employers are required to provide part-year payment summaries, we are concerned that proposed mandatory RESC reporting on these part-year payment summaries as from 1 July 2009, will impose an unreasonable financial and administrative burden on all employers.

Therefore, we recommend that some consideration be given to a transitional provision for 2009-10, that removes the requirement for RESC reporting on part-year payment summaries from 1 July 2009. Instead, the transitional provision will require an employer to produce a separate and standalone 'RESC payment summary' for 2009-10, that covers the employer's part-year payment summary RESC reporting for 2009-10. Furthermore, this summary is to be produced on or before 14 August 2010 in accordance with the employer's normal annual payment summary reporting requirements for 2009-10.

Should you wish to discuss any aspect of this response letter, please contact either Ms Heather Schache or Graeme Evans on 1300 657 572.

Kind regards

Heather Schache
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