



# Media Release

## Senator Mathias Cormann

### *Shadow Assistant Treasurer*

### *Shadow Minister for Financial Services and Superannuation*

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#### **Shorten finally heeds Coalition call to fix harsh super tax**

Labor has finally answered the Coalition's call to stop savers from being inappropriately hit by punitive additional tax penalties on their superannuation contributions.

Tax Office figures recently revealed that more than 65,000 Australians had been hit with extra tax after inadvertent breaches of their concessional super contribution caps during the 2009/10 financial year.

The problem, which has been made worse from 2009/2010 because of Labor's decision to halve the caps on concessional contributions, has continued to escalate throughout the 2010/2011 year.

"Minister Shorten's belated decision to provide a fix effective only from 1 July 2011 comes after months of criticism by the Coalition," Shadow Minister for Financial Services and Superannuation Senator Mathias Cormann said.

"All Australians who have breached their contribution caps through inadvertent mistakes should be given the opportunity to correct their mistakes without incurring heavy penalties, just like they can in other parts of the tax system.

"One of the many real life examples of the problem is a part-time schoolteacher who inadvertently paid \$700 above her contribution cap into her superannuation fund triggering a penalty tax bill of \$70,000.

"This lady and the thousands of people like her deserved better than to be ignored by Labor as it reaped the windfall revenue from effective rates as high as 93 per cent," Senator Cormann said

"We know this is a government addicted to higher taxes. But it is obscene that the government took so long to address these heavy tax penalties."

"This is yet more evidence of a government that is indifferent to the severe cost of living pressures faced by everyday Australians," Senator Cormann concluded.

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