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MEDIA RELEASE

IFPA urges government to amend Division 296 legislation

The Institute of Financial Professionals Australia (IFPA) has urged the government to make seven key amendments to the proposed Division 296 tax on superannuation balances above \$3 million. Although IFPA does not support the proposed tax, it has used its submission to restate its case that Division 296 must not be legislated in its current form as other solutions exist to ensure a fairer and equitable superannuation system for all Australians.

The Association has recommended the government make the following amendments to the legislation:

1. Remove unrealised capital gains from the calculation of earnings and use actual taxable income/earnings as a measure of earnings.
2. Losses should not be a carried forward measure, rather members should receive a refund of the tax they have already paid to offset any current tax liability.
3. Introduce a permanent tax deferral regime for all funds, not just defined benefit funds.
4. The \$3 million threshold must be indexed.
5. Exclude certain amounts from a member's adjusted TSB permanently to ensure a fairer proportion of earnings is achieved on a member's TSB.
6. Allow members to remove the excess if they have not met a condition of release.
7. Undertake a holistic review of the superannuation system.

Head of Superannuation and Financial Services Natasha Panagis said it is extremely disappointing that the Division 296 legislation remains largely unchanged from when it was first announced in early 2023 despite the level of consultation that has occurred in the industry.

“There is nothing equitable or fair about taxing individuals on unrealised gains from assets that they have not sold. It is one thing to increase taxes on large member balances but choosing a method that is fundamentally flawed and a first for the Australian tax system is not the right solution.”

“IFPA appreciates that the superannuation system must be sustainable, however if the policy intent is to reduce the tax concessions afforded to members with large balances, other options must be considered by the government to fix the Division 296 tax measure.”

“Rather than applying another piecemeal change to the superannuation system, we propose the government conducts a holistic review of the superannuation tax concessions so we end up with a system that is fair and equitable for everyone.”

“After all, continual changes to superannuation not only targets retirement savings but promotes instability and uncertainty in the sector, which in turn may discourage investment.”

Further details regarding our suggestions can be found in our submission which is available on our [website](#).

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About Institute of Financial Professionals Australia

The Institute of Financial Professionals Australia (originally known as Taxpayers Australia, and more recently Tax & Super Australia) has been serving members for over 100 years and is a leading financial professionals association dedicated to fostering excellence and professional development in the tax, accounting, superannuation, financial planning, and advisor fields. With a membership and subscriber base of over 15,000 practitioners and a strong commitment to advancing knowledge, promoting ethical practices, and providing valuable resources, the Institute of Financial Professionals Australia empowers professionals to excel in their careers and make a significant impact in the financial industry.

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