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MEDIA RELEASE

Productivity at risk without balanced tax and super reform

The Institute of Financial Professionals Australia (IFPA) has lodged its submission ahead of the Government's upcoming Economic Reform Roundtable, outlining practical measures to improve Australia's productivity, boost business investment, and promote long-term economic sustainability.

The submission includes five key tax recommendations and a call for a complete rethink of the proposed Division 296 superannuation tax, which IFPA warns could backfire on retirement savings, productivity, and the federal budget.

"This is a pivotal opportunity to rebalance our tax mix and strengthen the superannuation system without undermining public trust," said Natasha Panagis, IFPA's Head of Technical Services.

Key tax reform recommendations

1. **Rebalance the tax mix** - reduce reliance on personal and company income taxes by gradually increasing the GST, coupled with targeted compensation for low-income households.
2. **Raise the GST registration threshold** - increase the threshold from \$75,000 to \$150,000 to reduce red tape and compliance costs for small businesses.
3. **Boost business investment** - permanently increase the Instant Asset Write-Off threshold to \$50,000 and expand access beyond small businesses.
4. **Invest beyond tax reform** - drive productivity through infrastructure, skills development, immigration reform and better integration of AI and emerging technologies.
5. **Account for second-round effects** - ensure Treasury costings include realistic behavioural and productivity-related impacts to avoid undervaluing good policy.

Superannuation reform must rethink Division 296

IFPA remains opposed to the proposed Division 296 tax on total superannuation balances above \$3 million, raising significant concerns around fairness, complexity, and long-term sustainability.

A key concern for IFPA is the inclusion of unrealised gains - a move that risks undermining trust in the system - and the lack of indexation, which could place an increasing burden on future generations.

IFPA argues that taxing actual earnings above the \$3 million threshold, rather than unrealised gains, would be a more principled approach that aligns with established tax norms and avoids penalising individuals for paper gains that may never eventuate.

In addition, IFPA has outlined several alternative policy options that are both fair and practical, including:

- **Compulsory cashing** or the introduction of **separate pensions** for high balances, allowing excess funds to exit the concessional environment gradually.
- **A 15% tax on the taxable component of withdrawals** from accumulation accounts for individuals with balances exceeding \$3 million.
- **Simplification of superannuation thresholds and caps** to reduce system complexity and make retirement planning clearer and more manageable.

“Taxing unrealised gains is a dangerous precedent that could seriously damage trust in the system,” said Ms Panagis. “There are fairer, more effective ways to limit concessions on large balances without disrupting the retirement plans of everyday Australians.”

IFPA is calling on the Government to adopt a balanced, future-focused approach that prioritises fairness, simplicity, and long-term sustainability over short-term revenue gains.

“We need a tax and super system that delivers certainty and confidence, not just for the next Budget, but for generations to come,” Ms Panagis said.

The full submission is available on the IFPA [website](#).

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About the Institute of Financial Professionals Australia (IFPA)

The Institute of Financial Professionals Australia (IFPA) is one of the longest-standing bodies supporting the accounting and financial advice community. With a proud history dating back to 1919 originally as Taxpayers Australia, then Tax & Super Australia, IFPA has consistently supported professionals working in tax, superannuation, and financial advice. Today, we represent a vibrant network of more than 22,000 members and supporters, reflecting the strength and resilience of SME-focused practices navigating constant regulatory change. Guided by our three pillars of education, advocacy, and community, IFPA equips members with practical skills and cutting-edge knowledge through high-quality CPE programs. We advocate for fair, sensible policy reform to support SMEs, and create opportunities for professionals to connect, build lasting relationships, and share real-world insights at our events.

Media contact

Natasha Panagis
Head of Technical Services
Phone: (03) 8851 4535
Email: n.panagis@ifpa.com.au