



SENATOR MATHIAS CORMANN
Liberal Senator for Western Australia
Shadow Assistant Treasurer
Shadow Minister for Financial Services and Superannuation

Mr Theo Marinis
Marinis Financial Group
67 Kensington Road
NORWOOD SA 5067

Dear Mr Marinis,

Thank you for your letter of 11 April 2011 about the taxation of excess contributions in superannuation funds.

In last week's Budget, the Labor government finally answered the Coalition's call to stop people from being inappropriately hit by punitive additional tax penalties on their superannuation contributions.

Unfortunately, Minister Shorten's belated decision is only effective for any contributions made from 1 July 2011 onwards.

The Coalition believes that 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.

We know this is a government addicted to higher taxes, but it is disappointing that the government took so long to address this issue.

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 (up from 28,000 the previous year).

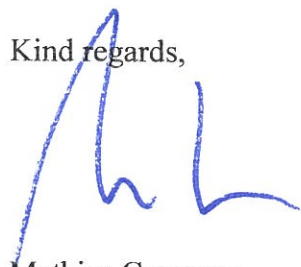
The problem, which has been made worse from 2009/2010 because of Labor's decision to halve the caps on concessional contributions, has continued to escalate throughout the 2010/2011 year.

By making changes for future tax years, the government has belatedly admitted that inadvertent excess contributions are a problem. Yet they have ignored those people who have already incurred heavy tax penalties many of them as a result of Labor's decision to halve concessional contribution caps.

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

Thank you for raising this matter with me. Please feel free to stay in touch with my office.

Kind regards,



Mathias Cormann

Shadow Assistant Treasurer

Shadow Minister for Financial Services and Superannuation

16 May 2011