

B Retirement benefits benchmark

B1 Concessional treatment of superannuation

Introduced before 1985. Legislative reference: Part IX ITAA36. 2001 TES reference code: B1.

The concessional treatment of superannuation contributions, fund income and unfunded benefits paid is the largest single tax expenditure. Details of the scope and interpretation of the estimates are set out in Appendix B.

B2 Concessional treatment of non-superannuation termination benefits

Introduced before 1985. Legislative reference: Division 2, Sub-division AA ITAA36. 2001 TES reference code: B2.

Prior to the 2000 TES this was part of B1, but is now reported separately.

B3 Capped taxation rate applying to unused recreation and long service leave

Introduced before 1985. Legislative reference: Sections 26AC, 26AD ITAA36. 2001 TES reference code: B3.

Taxation of lump sums paid after 15 August 1978 for unused annual leave or for unused long service leave: (i) in respect of service before 18 August 1993 is capped at 30 per cent plus the Medicare levy (Division 17); and (ii) in respect of service on or after 18 August 1993 under circumstances of bona fide redundancy, early retirement scheme or invalidity is capped at 30 per cent plus the Medicare levy (Division 17).

B4 Taxation of 5 per cent of unused long service leave accumulated by 15 August 1978

Introduced before 1985. Legislative reference: Sections 26AD ITAA36. 2001 TES reference code: B4.

Reduced taxation applies to unused long service leave attributable to service up to 15 August 1978.

B5 CGT exemption on the sale of a small business at retirement

Introduced in 1997. Legislative reference: Division 152 ITAA97. 2001 TES reference code: B5.

Capital gains arising from the sale of active small business assets are exempt from capital gains tax, up to a lifetime limit of \$500,000, where the proceeds of the sale are used for retirement.

Tax Expenditures Statement

B6 CGT discount for complying superannuation funds

Introduced in 1999. Legislative reference: Section 115-10 and paragraph 115-100(b) of ITAA97. 2001 TES reference code: B6.

Complying superannuation and related funds that dispose of an asset that they have held for at least one year only include two thirds of any nominal capital gain in their assessable income. For assets acquired prior to 21 September 1999, and held for at least one year, the fund may instead choose to include the whole difference between the disposal price and the frozen indexed cost base as at 30 September 1999.

B7 Small business 15 year retirement CGT exemption

Introduced in 1999. Legislative reference: Division 152 ITAA97. 2001 TES reference code: B7.

Capital gains arising from the disposal of active small business assets that have been held continuously for 15 years are exempt from capital gains tax. This exemption is only available if the taxpayer retires, having reached the age of 55 or is permanently incapacitated.

B8 CGT roll-over relief for changes to trust deeds of Approved Deposit Fund and superannuation funds

Introduced in 1994. Legislative reference: Subdivision 126-C ITAA97. 2001 TES reference code: B8.

CGT roll-over relief is provided where a complying Approved Deposit Fund (ADF) converts to a complying superannuation fund, or where a complying superannuation fund or a complying ADF redesigns its trust deed.

B9 Savings tax offset

Introduced in 1998. Legislative reference: Subdivision 61-A, section 61-50 to 61-70 (repealed) ITAA97. 2001 TES reference code: B9.

A tax offset for savings was introduced in 1998, to a value in 1998-99 of 7.5 per cent of undeducted superannuation contributions and/or net personal income from savings and investment, with a maximum rebate of \$225. The rebate applied only to that one tax year.