

EXPLANATORY STATEMENT

Parliamentary Contributory Superannuation Act 1948

Parliamentary Superannuation Age Factors (Division 293 Tax Law) Determination 2015 (No. 1)

Authority for the Determination

The Parliamentary Contributory Superannuation Scheme (PCSS) provides superannuation benefits for parliamentarians who entered Parliament before 9 October 2004. The PCSS is established by the *Parliamentary Contributory Superannuation Act 1948* (PCS Act).

The *Parliamentary Superannuation Age Factors (Division 293 Tax Law) Determination 2015 (No. 1)* (the Determination) is made under subsection 22SE(4) of the PCS Act.

Purpose of the Determination

In 2013 the tax concession that individuals with income above \$300,000 receive on their concessional superannuation contributions was reduced from 30 per cent to 15 per cent (Division 293 tax). The Division 293 tax was introduced from the 2012-13 financial year.

The PCS Act was amended in 2013 to give retiring parliamentarians the option of having a lump sum amount taken from their PCSS entitlements to pay their Division 293 tax liability, resulting in a reduction in the parliamentarian's PCSS pension. The reduction is calculated using age factors determined by the Secretary of the Department of Finance. These factors are contained in the Determination.

Legislative Instruments Act 2003

The Determination is a legislative instrument for the purposes of section 5 of the *Legislative Instruments Act 2003* (LIA). However, as the Determination is an instrument relating to superannuation, it is exempted from disallowance by item 39 of the table in subsection 44(2) of the LIA.

Consultation

Section 17 of the LIA specifies that rule-makers should consult before making legislative instruments. Actuarial advice was obtained regarding the factors included in the Determination.

Statement of Compatibility with Human Rights

Subsection 9(1) of the *Human Rights (Parliamentary Scrutiny) Act 2011* requires a Statement of Compatibility with Human Rights for all legislative instruments subject to disallowance under section 42 of the LIA. As mentioned above, the Determination is exempt from disallowance which means that a Statement of Compatibility with Human Rights is not required.

Commencement

The Determination commences on the day after it is registered on the Federal Register of Legislative Instruments.