

## **Help make it easier for young Australian's to get a large house deposit.**

At the moment, if a child is given \$6000 for their future, that money will soon earn interest that is more than \$416 per year. If they earn \$1000 over \$416: \$637.20 will be taken in taxes. This is a ridiculous! I propose that it be taxed at normal rates if it is truly for a child's future, just like earnings by a child on inherited money is.

I would like the tax on a child's earnings from investments (that are truly a child's according to the Australian Tax Office) to be taxed at normal rates, rather than what happens now, which is that they are initially taxed at 66.0% but this eventually drops to still an incredibly high 46.87%, if they earn more than \$416pa from investments. I hope that the money that is truly invested for a child when they are young by parents, grandparents and great grandparents, can eventually become a large house deposit when they are old enough to buy a house.

**To achieve this I have started a petition to the House of Representatives requesting a small change to tax legislation so that "Excepted income for minors includes income earned from investing in publicly listed trusts, public companies and financial institutions."** This will then become part of the income at "A1 Under 18" on a minors tax return that is taxed at normal rates.

Remember: The ATO already specifies that if family members utilize even some of the earnings or funds invested in a child's name then the earnings on those funds belong in the family member's tax return - not the child's. The parent's would have to also apply for a tax file number for the child so a tax return can be completed for a minor earning over the threshold.

**People have asked me: How can this be policed by our federal government so the wealthy do not just use it to benefit them and avoid paying tax?** Firstly it will show in a child's tax return with their tax file number. That income should steadily grow as it is continually reinvested, rather than utilized by family members. That could easily be monitored by electronic means. When a child is 18 they have to sign their tax return rather than their parents signing it for them, that income and all the funds it comes from will be seen by them at that point and all the funds will be theirs to control from that point onwards. Dishonesty on tax returns by the parents prior to then can incur penalties of up to 175% of the taxes avoided. The government should probably change the rules in relation to fraudulence in this area so that if the funds do not go to the young adult, penalties can be applied retrospectively for a period of 18 years to parents who have lied on the tax returns by not truly setting aside the funds for the child/young adults future. If the public wants this "Excepted income for minors from investing in publicly listed trusts, public companies and financial institutions" to be capped at a certain figure per year that would be simple for parliament to arrange. I believe it should be a reasonably high figure for a child's benefit because sometimes it is wise to get out of a particular investment and move the funds to a different investment at which point significant capital gains income would have to go into the child's tax return. The extremely high tax rates which would apply are not fair and a parent cannot transfer the funds to their name to avoid the payment of them. Another option is the ATO could insist tax returns for a minor earning over a certain amount from this type of income has to be checked by a tax agent to ensure the family has not utilised the funds during the year, if the ATO does not think they can police it themselves.

I have also carefully specified "public listed trusts, public companies and financial institutions" for two reasons: So that the funds are not utilized by family members in family businesses and secondly so that it encourages investment in businesses within our nation that will hopefully create more jobs for Australians and continually improve our economy.

If you want to understand more about how this can work please view on my YouTube channel *Sue's Tips*, "**Part 2 - Helping Young Adults to get a large House Deposit.**"

Even if this idea cannot help your family please consider asking for a change to help others. I am not doing this to help my family as you will hear in the video but I see it as a way forward for the children of our nation.

**A petition to Parliament needs original signatures. Please print one of the petition pages from my website [www.suemoss.com.au](http://www.suemoss.com.au) based on your federal electorate and ask people to sign it then post it via Australia Post to me so I can present it to Parliament as soon as I have 200 signatures.** Please note the address section is not essential on the general Australian resident petition only the Scullin one.

**Send the signed original petition pages to: Mrs Sue Moss, 65 Middleton Street, Watsonia North, Victoria 3087.**