



**independence
matters**

Association of
Independent Retirees

Media Release

50% INCREASE IN CAPITAL GAINS TAX IS A MASSIVE SLUG ON RETIREES

“The proposal by the Labor Party to increase capital gains tax by 50% is an unjustified slug on retirees who have invested in growth assets to fund their living expenses,” said Mr Strandquist, Acting President of the Association of Independent Retirees.

“Self-funded retirees rely solely on returns from their investments to provide income to live. These returns can come from interest, share dividends, franking credits, property rents and the sale of investment assets,” said Mr Wayne Strandquist.

When retirees sell shares or other growth assets, the discounted net capital gains are added to their income for the year in which they sold the investment. They pay tax on this income for the year even though the capital growth of the assets may have been realised over 20 years or more.

“The Labor Party’s proposal to increase tax on capital gains by 50% will mean a substantial reduction in the investment returns for retirees who have saved their entire working lives so that they don’t have to rely solely on the government aged pension,” said Mr Strandquist.

The purchase and sale of assets is an important process for retirees as most investment strategies rely on adjusting portfolios to minimise risk and maximise the growth of investments. In addition, during the retirement years, it is necessary to sell down assets such as shares and property to provide income for living expenses and to fund aged care accommodation.

“Unlike the loss of franking credit refunds, there will be no pensioner exemption for the 50% hike in capital gains tax. All individual investors who purchase investment assets like shares and property after the 1st Jan 2020 will pay 50% more tax on their future capital gains,” explained Mr Strandquist.

“Together with the loss of franking credits refunds, no negative gearing for pre-owned properties and other proposed tax changes, it is clear that the Labor Party thinks retirees are a soft target. But, with the increase in capital gains tax, retirees won’t be the only group funding the many spending initiatives the Labor Party has announced,” said Mr Strandquist.

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29/04/2019
