**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.