Australian Government
Australian Taxation Office

# MEDIA RELEASE

17 November 2005 2005/66

## Guidance on transition to retirement pensions

The Tax Office today clarified how transition to retirement pensions will be treated.

The general anti-avoidance provisions will not apply where taxpayers are simply commencing a transition to retirement pension, and making salary sacrifice contributions to superannuation.

Some strategies have encouraged people to draw down on their superannuation by accessing a transition to retirement pension while, at the same time, salary sacrificing back into their retirement savings. Under these arrangements the pension provides an additional source of income, while salary sacrifice tops up the taxpayer's retirement savings.

Tax Commissioner Michael Carmody said "there has been some media interest recently in the promotion of this strategy. Arrangements entered into in a straight forward way are consistent with the operation of the law, and we do not see grounds for applying anti-avoidance rules.

"For example, an eligible person may take out a pension under the transition to retirement rules. At the same time, that person may engage in an effective salary sacrifice arrangement and contribute to a complying superannuation fund for their own benefit.

"We would only be concerned where accessing the pension or undertaking the salary sacrifice may be artificial or contrived."

Individual taxpayers can seek further clarification about the consequences of their particular arrangements. This can be done by requesting a private ruling from the Tax Office.

The transition to retirement measure was introduced to allow eligible Australians to access their superannuation through an income stream without having to retire permanently from the workforce.

**Canberra**
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