# Barefoot Investor brands Labor's unrealised gains tax on super as a 'brazen bank heist'



The Barefoot Investor, a prominent financial commentator from Australia, has launched a scathing critique of Treasurer Jim Chalmers over Labor's proposed unrealised gains tax on superannuation, likening the initiative to a brazen bank heist. Responding to a reader's concerns about a new 15 per cent tax on superannuation balances exceeding $3 million, he asserted that the government's strategy appears geared towards raiding retirement savings as an easy revenue source amid rising fiscal pressures.

This radical tax proposal threatens to upend traditional financial planning by imposing levies on the notional value of assets prior to their sale, moving away from established practices where capital gains tax is levied only when investments are actually sold. Such a shift could force self-managed super funds (SMSFs) to liquidate valuable assets like farms or properties simply to meet tax obligations, jeopardizing the financial futures of countless Australians. Pape criticized Chalmers' underhanded use of historical tax methodologies—specifically 'bracket creep'—to quietly erode retirement security without sparking significant public backlash or new legislative discussions.

The ramifications of this tax reform are enormous. With trillions held in superannuation not indexed for inflation, the proposed changes raise alarm bells for younger Australians building their retirement savings, whose future financial security may be at stake. Under the plan, a flat 15 per cent tax will be imposed on unrealised gains, along with a doubling of the earnings tax to 30 per cent on balances above $3 million.

Critics from various sectors, including the Centre for Independent Studies and the Tax Institute, have echoed these concerns, denouncing the tax on unrealised gains as a departure from the principle of taxing only realized income. This move risks inflating compliance costs and creating confusion for taxpayers, potentially wreaking havoc on SMSFs that contain illiquid assets.

Labor’s legislative agenda, encapsulated in the Treasury Laws Amendment (Better Targeted Superannuation Concessions and Other Measures) Bill, had previously faltered in the Senate due to pushback from concerned senators wary of the unrealised gains tax effects. Nevertheless, the recent electoral win has fortified Labor's standing in the Senate, enabling them to attempt to push this controversial tax through, potentially with the Greens' backing, who are advocating for an even lower threshold of $2 million with inflation adjustments.

The opposition’s barrage of criticism has intensified, with figures like Shadow Treasurer Angus Taylor labeling the proposed tax a 'wealth tax' and a breach of public trust. This sentiment resonates deeply within the agricultural community, as voiced by Federal Member for Riverina, Michael McCormack, who warns that the unindexed $3 million threshold will ensnare an increasing number of Australian families over time as asset values escalate, placing rural farmers at a significant disadvantage—often the very backbone of the nation’s economy.

As the debate continues, fears of cascading repercussions for middle-class Australians loom large. Discussions surrounding legislation are not merely about reshaping the current superannuation landscape; they pose a real threat to the future of wealth and retirement security across the nation.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.dailymail.co.uk/news/article-14749059/Barefoot-Investor-Scott-Pape-Labors-controversial-new-tax-superannuation.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.macquarie.com.au/advisers/a-new-super-earnings-tax-on-high-balances.html> - Macquarie outlines the Australian government's proposal to impose a 15% tax on superannuation earnings exceeding $3 million, effective from July 1, 2025. The tax will apply to around 80,000 individuals, with the $3 million threshold not indexed for inflation, potentially increasing the number of affected individuals over time. Exceptions include child recipients of superannuation income streams, individuals with structured settlement contributions, and those who pass away before the end of the income year.
3. <https://www.mintequity.com.au/news/why-labors-unrealised-gains-tax-proposal-is-a-dangerous-move-for-all-australians> - Mint Equity criticizes the Australian Labor government's proposal to tax unrealised capital gains on superannuation balances exceeding $3 million at a rate of 30%. The article argues that taxing unrealised gains sets a dangerous precedent, potentially leading to taxation on paper gains and undermining the principle of taxing income only when realised. It also highlights concerns about the impact on self-managed super funds (SMSFs) holding illiquid assets like property.
4. <https://eea-advisory.com.au/article/labor-super-tax-business-impact/> - EEA Advisory discusses the implications of the Australian government's proposed superannuation tax changes, which would tax unrealised capital gains for balances over $3 million at a rate of 30%. The article explains that this change would tax annual increases in asset values, even if assets aren't sold, potentially affecting fewer than 80,000 Australians initially. However, without indexation of the $3 million cap, more individuals could be impacted over time as asset values and super balances rise.
5. <https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/TLABBetterSuper2024/Report/Chapter_2_-_Views_on_the_bill> - The Australian Parliament's Senate Economics Committee report presents submissions expressing strong concerns about the taxation of unrealised capital gains. The Centre for Independent Studies (CIS) and The Tax Institute argue that taxing unrealised gains contradicts long-standing taxation principles and could lead to increased compliance costs and uncertainty. They also warn that such taxation could set a poor precedent for the tax system, affecting current and future taxpayers.
6. <https://www.financialstandard.com.au/news/super-tax-is-a-wealth-tax-taylor-179803172> - Financial Standard reports on Shadow Treasurer Angus Taylor's criticism of the Australian government's proposed superannuation tax changes. Taylor labels the proposed 30% tax on unrealised gains for balances over $3 million as a 'wealth tax' and a betrayal of the Australian public's trust. He emphasizes that the unindexed nature of the $3 million threshold could lead to more Australians being affected over time, and highlights concerns about the impact on self-managed super funds (SMSFs).
7. <https://www.michaelmccormack.com.au/media-releases/2023/10/4/mccormack-slams-labors-superannuation-betrayal> - Michael McCormack, Federal Member for Riverina, criticizes the Australian Labor government's proposed superannuation tax changes as a betrayal of its pre-election promise not to alter superannuation. He expresses concerns about the impact on farmers and young workers, noting that many farmers own their farms through self-managed super funds (SMSFs), and the $3 million threshold may not be sufficient to cover the value of their assets. McCormack also points out that the unindexed threshold could lead to more individuals being affected over time due to inflation.