

16th June 2025

Mary Doyle MP
Federal Member for Aston

Mary,

Firstly allow me to congratulate you on retaining the seat of Aston, I look forward to fruitful meetings over the next 3 years.

Further to our previous discussion regarding the negative impact the Work Bonus threshold has on Working Pensioners, I would like to hone into the issue of artificially inflated taxable income as a direct result of both pensioners in a couple having their Pensions reduced as a result of one working.

Example; (figures are approximate only to demonstrate the problem)

Situation; A Couple on an Aged Pension with one person working with the other not, i.e. one party of the couple earning through legitimate gainful employment.

	Worker	Non Worker
Annual Gainful Employment Income	\$ 28,000	\$ 0
Pension deductions due to Legitimate Employment	\$ 5,000	\$ 5,000
Maximum Pension year ending 2024	\$ 21,450	\$ 21,450
Total Taxable Income	\$ 45,250	\$ 16,450
Tax Payable (using 2024/25 tax rates)	\$ 5,252	\$ 0

If the Pension deduction was applied to the Workers income the taxable income would be

Total Taxable Income	\$ 40,250	\$ 21,450
Tax Payable (using 2024/25 tax rates)	\$ 4,264	\$ 416
Total Tax payable with inflated Payable Income	\$ 5,252	
Total tax Payable of actual earnings	\$ 4,680	

The additional tax due under the current system of \$572 tax paid, would also increase once the application of other entitlements such as SAPTO etc is applied.

I believe this anomaly is due to the Centrelink inconsistent classification of income;

Individual Tax Assessable Income to the ATO classed as	Individual
Individual Income for Pension payment classed as	Couple
Pension deduction due to individual's income classed as	Couple
Work Bonus Threshold application due to individual income	Individual
Work Bonus Bank accumulation	Individual

The Taxation Office relies on documentation from Centrelink to determine Taxable Income and does not recognise the Pension deduction of the non-worker as an expense against the income of the Worker as stated in Private Ruling ref 1052409100427

"Your pension is being reduced because of your income you are earning from the company as per the rules around the eligibility of the Pension.

The reduction does not result due to the carrying out of your work duties.

This reduction therefore does not have the nexus with your income earning activity."

However there would be NO reduction to the Pension if I was not working.

If the current Work Bonus threshold situation was not enough of a deterrent for Pensioners to partake in legitimate employment, the deduction from both Pensions creating an artificially inflated taxable income for the Worker certainly presents another blow to someone trying to maintain a lifestyle or merely survive.

I look forward to your response following due consideration and invite you to contact me if you require any clarification. More information available at www.workingpensioners.com.au

Mary, I would also very much appreciate it if your response could focus on the issue at hand, Working Pensioners and the Work Bonus and not consist of the normal irrelevant political fluff I have received from other previous communication, not necessarily your office.

Thanking you in anticipation.

Yours sincerely

Greg Jarvis

0407 047 797

greg@workingpensioners.com.au