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Tax beyond control for many Australians

As Australians prepare for their end of year tax returns, a new survey¹ by superannuation and fund manager IOOF reveals that half of Australians (49%) believe the amount of tax they pay is beyond their control.

“Our survey results were split evenly between those who said that the amount of tax they pay is beyond their control (49%) and those who believe they can influence the amount of tax they pay by making smart investments (51%)”, said Renato Mota, General Manager, IOOF Investor Solutions.

“The good news is that regardless of your income, taking control of your finances and getting expert advice can help you to make the right decisions about tax-effective investments. Superannuation is just one way of taking advantage of the government’s tax concessions, but there are also specialist savings products that many people do not realise are available.”

Mr Mota said that expert advice has an important role to play in organising ones financial well-being.

“IOOF recognises the importance of making intelligent investments and believes seeking the advice of professionals when planning finances is paramount,” Mr Mota said.

“The survey also found that the more people earn, the more likely they are to understand the effect that smart investments can have on the amount of tax they pay. For example, almost half (47%) of the respondents earning between \$30,000-\$75,000 per year felt that they could not control their tax, compared to only one in eight (12%) of those earning more than \$125,000 per year who thought so.”

“This is reinforced by the fact that those on incomes of more than \$125,000 are more likely to seek expert advice than those on lower incomes, emphasising the financial empowerment that professional advice can provide.”

According to the survey, people aged 60 years or more are most likely to think they have some control over the tax they pay.

“This is the generation most likely to have received advice as part of their retirement planning – knowledge is power,” said Mr Mota.

“The challenge for the industry is to ensure that we make these tax efficient strategies and products are accessible to all tax-payers – irrespective of their level of income or age,” Mr Mota said.

Kitchen tables a tax hot spot

The survey also revealed how many Australians do their tax planning around the kitchen table because 46% of people responding to the survey completed their annual tax return themselves or with the help of a friend or family member. The remaining 54% made the decision to pay a professional to do their tax returns.

Some look forward to completing their tax return

Tax time is generally not an exciting time of year for most people. However, the survey showed that one in six people (18%) believe completing their tax return is something that they look forward to while 16% say it is something that they dread. Unsurprisingly, the remaining two-thirds (66%) of those surveyed accept that it is something ‘you just need to do’.

“Unfortunately it is getting too late to have any material impact on the current financial year, but the good news is that now is the time to take control and plan for 2008-09”, said Mr Mota.

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¹ The survey was conducted by Auspoll, on behalf of IOOF. This quantitative research study involved 1,000 interviews with Australian residents aged 18+.