

# Don't worry, the kids are cool if you cash in on their inheritance

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Cash in on the kids' inheritance and spend up big on the retirement plans—that's the message coming from the University of South Australia as new research reveals that older people are keen to spend their well-

earned savings, rather than passing them on to their kids.

And while it may seem like bad news for the younger generation, the research also confirms that the kids are just fine with this scenario, claiming that no one owes anyone anything.

The surprising findings are part of a new study that explores contemporary attitudes towards wealth transfer taxation in Australia, finding that public resistance to inheritance and estate taxes may have declined in the 40 years since they were abolished in Australia.

Inheritance is the only major form of income that is untaxed in Australia—a person who works for their income pays tax on it while someone who receives a bequest is not even liable for capital gains tax.

Social policy expert, Dr. Veronica Coram from UniSA's Australian Alliance for Social Enterprise says the apparent decline in the bequest motive presents a significant opportunity for Australian tax reform, and a valuable chance to address [social inequalities](#).

"There's nothing more certain than death and taxes. But while people generally assume the combination is notoriously unpopular, our research suggests otherwise," Dr. Coram says.

"We talked to young adults and senior Australians and two thirds of them thought Australia should consider reintroducing taxes on estates worth more than \$3m, while only one in ten were definitely opposed.

"The lack of interest in giving or receiving inheritances meant that most participants saw no reason to object to estates being taxed, which opens potential opportunities for much-needed tax reform.

"Inheritances generally go to people who are already well-off and don't

need them; they encourage inequality and inhibit social mobility.

"The Australian government needs to find ways to raise revenue to support increased spending demands generated by COVID-19, an [ageing population](#), pressure on health systems and increasing environmental disasters.

"Reintroducing inheritance or estate taxation is a way of increasing government revenue, while reducing a key driver of inequality at the same time."

While politicians and policymakers may be wary of making moves, Dr. Coram says the findings reflect changes to social norms in Australia and other OECD countries.

"Historically, [inheritance](#) taxes have been considered 'political suicide'. But perhaps their time has come, ironically due to a growing individualism and associated decline in the assumption that family members should provide for one another," Dr. Coram says.

"More research on changing views towards redistributive policy is required, but the results of our study suggest that if governments are considering tax reform, they should not assume that Australians are vehemently opposed to wealth transfer taxation."

**More information:** Veronica Coram, A qualitative exploration of attitudes towards wealth transfer taxation in Australia, *Australian Journal of Political Science* (2021). [DOI: 10.1080/10361146.2021.1935451](https://doi.org/10.1080/10361146.2021.1935451)

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