Superannuation Contributions

Fact Sheet, July 2023

Concessional contributions – also known as before-tax contributions. It includes:

+ Compulsory employer superannuation guarantee contributions (SG) and salary sacrifice or additional employer contributions. The minimum SG contribution rate is currently 11%.
+ Tax deductible personal contributions. If you are under age of 75 personal contributions are deductible. In order to claim the tax deduction for those aged 67 to 74, you must pass the work test or be eligible for a work test exemption (refer "Work Test").

Concessional contributions are taxed at 15% in your superannuation fund.

Division 293 Tax – An additional tax of 15% will be imposed on concessional contributions if your adjusted taxable income for the financial year was greater than $250,000. Division 293 tax is levied against the individual but can be paid by the superannuation fund.

Concessional contributions cap – $27,500

Excess concessional contributions tax – if you exceed your concessional cap:

+ Amounts in excess of the cap will be taxed at the individual's marginal tax rate, plus an excess concessional contributions (ECC) charge.
+ You may elect to withdraw up to 85% of the excess amount from your superannuation fund. The withdrawn amount will not count towards your non-concessional contributions cap.

Unused concessional cap carried forward – from 1 July 2018, if you have a total superannuation balance of less than $500,000 on 30 June of the previous financial year and you make or receive concessional contributions of less than the concessional contributions cap of $27,500, you may be entitled to contribute additional concessional contributions in the following years.

+ Unused amounts are available for a maximum of five years, and after this period will expire. This means any unused amounts from FY19 not used in FY24 will expire.

Non-concessional contributions – are contributions from after-tax income. It includes:

+ Personal contributions that have not been claimed as a tax deduction.
+ Spouse contributions.
+ Contributions which exceeded your concessional contribution cap.

Non-concessional contributions caps

+ $110,000 if the members balance is under $1.9 million as at 30 June the prior year (previously $1.7m).
+ If the members balance exceeds $1.9 million and non-concessional contributions are made, they will be excess non-concessional contributions.

Bring forward rule – If you are under age 75 (previously 67), you may make non-concessional contributions up to three times the annual non-concessional contributions cap. The maximum amount you can contribute depends on your account balance as at 30 June 2023.
Once you trigger the bring-forward arrangement in a

Total superannuation balance on previous 30 June	Maximum non-concessional contributions cap
Less than $1.68 million	$330,000
$1.68 million to less than $1.79 million	$220,000
$1.79 million to less than $1.90 million	$110,000
$1.90 million and above	Nil

year, any change to the non-concessional contributions cap for the bring-forward period doesn't apply to you. The bring-forward cap amount is set based on the cap in the first year of the period.

Excess non-concessional contributions tax

+ Individuals will have the option to withdraw excess non-concessional contributions from their super fund (avoiding 47% excess contribution tax).
+ The withdrawal will include associated earnings.
+ The earnings will be taxed at the individual's marginal tax rate.

Please note, contributions include any expenses paid personally by a member (on the Fund's behalf), and any transfers of listed securities or business real property into the Fund during the year.

Work test – Once the member reaches 67 years of age, they must be working at least 40 hours over a 30 day period in order to contribute to their Fund and claim the amount as a tax deduction.

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Under the new rules, the work test can be met in any period in the financial year of the contribution. This is different to the previous rules, where the work test must be met before contributing.

+ To evidence this, the member will be required to sign a work test statutory declaration, showing they have satisfied the working hours.

Work test exemption – From 1 July 2022, new retirees aged between 67 and 74 with a superannuation balance below $300,000 as at the previous 30 June will be allowed to make voluntary super contributions for the first year that they no longer meet the work test requirements.

Turning 75 – Once the member turns 75 years of age, their final contribution must be paid to the Fund by the 28th day of the month after they turn 75 years of age. For example, if your 75th birthday is 7 October; final contribution must be made by 28 November.

Superannuation funds are still eligible to receive SG contributions from members who are over 75 years of age.

Downsizer contributions – If a member is 60 (previously 65) years of age or older, they may be able to make downsizer contributions into their superannuation fund of up to $300,000 (each) from the proceeds of selling their home.

+ Can still be made if the total super balance is greater than $1.9 million.

+ Can only be made for the sale of one home.

+ Are not tax deductible and will be taken into account for determining eligibility for the aged pension.

+ Are not non-concessional contributions and will not count towards your contribution cap.

You are eligible for downsizer contributions if you satisfy all the following:

+ Must be 55 years of age (previously 60) or older at the time you make a downsizer contribution.

+ Home was owned by you or your spouse for ten years or more prior to the sale.

+ Proceeds from the sale of the home are either exempt or partially exempt from CGT under the main residence exemption.

+ Contract of sale exchanged on or after July 2019.

+ Must make your downsizer contributions within 90 days of receiving the proceeds of the sale.

First Home Super Saver scheme (FHSS scheme) - Member can make voluntary concessional and non-concessional contributions into their super to save for their first home.

+ To be eligible, the member must be at least 18 years of age and never owned property in Australia.

+ The maximum a member can contribute each year under the FHSS scheme is $15,000.

+ The maximum a member can save in total under the FHSS scheme is $50,000 (an increase from $30,000 in prior years). If concessional contributions are made for the scheme 15% will be paid in tax inside the fund, leaving only 85% of the contributions made to be withdrawn (plus any deemed earnings).

+ Release of your concessional contributions along with associated earnings under the FHSS scheme will be taxed at your marginal tax rate less a 30% tax offset. Non-concessional contributions are not subject to tax on withdrawal.

+ You need to request a FHSS determination before signing the contract for your property. You can make a valid release request before signing the contract or within 14 days of entering the contract.

From the start the first FHSS amount is released, you have 12 months to do one of the following:

+ Sign a contract to purchase or construct your residential premises (including vacant land).

+ Recontribute the assessable FHSS amount (less tax).

Spouse contribution tax offset – If a member makes a contribution to their spouse's Fund, and the spouse is earning less than $40,000 in a financial year, the member can claim an 18% tax offset on super contributions up to $3,000 (maximum of $540 tax offset), in their personal return.

+ The member cannot claim a tax deduction for these contributions.

+ The contributions are classified as non-concessional contributions for the spouse.

+ The amount a member can contribute on behalf of their spouse is subject to the non-concessional contribution caps.

+ The spouses' superannuation balance as at 30 June the year before the contribution was made must not exceed $1.9 million.

+ If the spouses' income is more than $37,000 the offset gradually reduces for every dollar you earn over that amount, until it phases out at an income of $40,000.

Contribution splitting – A member can choose to have some of their contributions transferred to their spouse's superannuation account, if they are under age 65 or preservation age and not retired.

+ A member can split up to 85% of their concessional contributions from the previous financial year.

Government co-contributions – If the member:

+ Made a personal super contribution.
+ Total income is less than $58,445 and more than 10% of their income comes from employment and/or carrying on a business. Total income includes assessable (gross income) reportable fringe benefits and reportable superannuation contributions.
+ Is less than 71 years old at 30 June.
+ Their total superannuation balance was less than $1.9 million at 30 June 2023.
+ Lodges a tax return.
+ Has not held a temporary resident visa at any time during the year.

They will be able to receive the super co-contribution from the government.

+ This amount will not be taxed in the Fund.
+ $0.50 for every $1 you contribute, up to maximum of $500 a year.
+ If your total income is more than $43,445 for 2023/24 your co-contribution entitlement reduces by 3.33 cents for every dollar you earn over that amount, until it phases out at $58,445.

Low income super tax offset (LISTO) – The low income super tax offset is a tax offset to ensure that low income earners do not pay more tax on their super contributions than on their take-home pay. The offset is calculated at 15% of your concessional contributions and is capped at $500.

You are eligible for the LISTO if you satisfy all the following:

+ Your adjusted taxable income is $37,000 or less a year.
+ You or your employer pays concessional contributions for the year.
+ You lodge an income tax return.
+ You have not held a temporary resident visa at any time during the income year.

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