



## **DID YOU KNOW...**

### *Superannuation Contributions*



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## EMPLOYER CONTRIBUTIONS

All employers are required to satisfy their superannuation guarantee (SG) obligations and contribute a percentage of their employee's ordinary time earnings to superannuation each quarter.

Period	General super guarantee (%)
1 July 2022 – 30 June 2023	10.50
1 July 2023 – 30 June 2024	11.00
1 July 2024 – 30 June 2025	11.50
1 July 2025 – 30 June 2026	12.00
1 July 2026 – 30 June 2027	12.00
1 July 2027 – 30 June 2028 and onwards	12.00

## CONCESSIONAL CONTRIBUTIONS (TAX DEDUCTIBLE)

The concessional contribution cap is \$27,500 per annum for all individuals. Members of defined benefit schemes may be deemed to have made notional concessional contributions. Employer SG contributions (outlined above) count towards the concessional contributions cap.

Everyone can now claim a deduction for personal superannuation contributions (meaning the previous 10% rule has been removed). This measure does not apply to members of untaxed superannuation funds (e.g. Commonwealth Government defined benefit schemes nor to defined benefit schemes that elect not to be subject to the measure). From 1 July 2018, unused amounts of an individual's concessional contribution cap can be carried forward and used in any of the following 5 years, provided the

individual had a superannuation balance of less than \$500,000 on 30 June of the financial year immediately preceding the year they wish to use the carry forward amount. For individuals with income in excess of \$250,000, there is an additional 15% Division 293 tax on concessional contributions (up to the \$27,500 cap).

Individuals with an adjusted taxable income of less than \$37,000 will effectively receive a refund into their super of up to \$500 of the tax paid on their concessional contributions.

## NON-CONCESSIONAL CONTRIBUTIONS (NOT TAX DEDUCTIBLE)

The non-concessional contribution cap is \$110,000 per annum for all individuals. The ability to make non-concessional contributions is only available to those who have a superannuation balance below \$1.7m at 30 June 2022. There is the option to use the three year 'bring forward' rule, which results in a \$330,000 maximum contribution.

## SPOUSE CONTRIBUTIONS

Contributions made by an individual directly to their spouse's superannuation account are known as 'spouse contributions'.

Spouse contributions may allow the contributing spouse to claim a tax offset of up to \$540, provided the spouse's income is less than \$40,000. No offset will be allowable where the receiving spouse has exceeded their non-concessional cap for the relevant year or their superannuation balance is \$1.7m or more. In addition, spouse contributions:

- count toward the receiving spouse's non-concessional contributions cap and are hence not tax deductible to either the receiving or contributing spouse.
- do not qualify the receiving spouse for a Government co-contribution .



## GOVERNMENT CO-CONTRIBUTIONS

The Government co-contribution involves the Government contributing to the super accounts of low-to-middle income earners. The maximum Government co-contribution is 50 cents for every \$1 of eligible personal super contributions made (up to \$1,000). The maximum co-contribution of \$500 reduces by 3.333 cents for every \$1 that the taxpayer's total income exceeds \$42,016 in 2022-23 until it reaches or exceeds \$57,016. The Government co-contribution does not count toward either the concessional or the non-concessional contributions caps.

## DOWNSIZER CONTRIBUTIONS

From 1 July 2022, individuals aged 60 and over are able to contribute up to \$300,000 of the sale proceeds from the sale of their (or their spouse's) main residence into super. There are no work test requirements for downsizer contributions. Downsizer contributions do not count toward either the concessional or the non-concessional contributions caps. From 1 July 2023, the age reduces to 55 years or older.

## SMALL BUSINESS CAPITAL GAINS TAX (CGT) CONTRIBUTIONS

Qualifying individuals, companies, trusts and partners in partnerships that are CGT small business entities, potentially have four concessions available to them to reduce any capital gain upon the sale of active assets of a business. These small business CGT contributions do not count towards either the concessional or the non-concessional contributions caps.

Individuals should seek professional tax advice from a qualified tax professional in regard to the small business CGT concessions.

## SUMMARY

Superannuation contributions can be very complex and we have only provided a brief overview of some of the contribution types. You should always seek professional advice before making superannuation contribution.

Please note that everyone under 67 can contribute to superannuation. However, if you are aged between 67 and 74, you need to meet a work test to claim a deduction. You can no longer make contributions to super after 75 years of age unless they are mandated superannuation guarantee contributions.

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