FACT SHEET
Super Contributions and Caps

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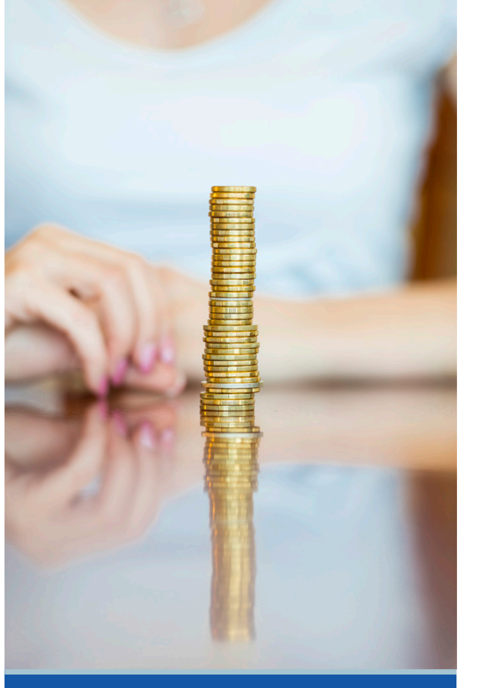

There are two types of contributions, Concessional Contributions (CC) and Non-Concessional Contributions (NCC), both of which are subject to contribution caps.

Concessional contributions (CC)

Concessional Contributions form part of the Taxable Component and are taxed at 15% on entry, up to the CC cap. However people whose income is $37,000 or less may be eligible to receive the Low Income Super Tax Offset (LISTO) which effectively repays the tax paid on concessional contributions back into the super fund.

The rate of concessional taxation reduces for high income earners as 'Division 293 Tax' rules apply. This effectively increases the tax to 30% on concessional contributions made for the portion of income above the threshold. The assessed income threshold for Division 293 Tax purposes is currently $300,000. For more information on Division 293 Tax visit the Australian Tax Office website www.ato.gov.au.

Employer contributions

These include contributions under an award, Superannuation Guarantee (SG) and voluntary employer contributions. For more information on SG refer to our fact sheet 'The Super Guarantee'.

Salary sacrifice contributions

Subject to the employer agreeing, it can reduce the employee's income tax. Care is needed to ensure the SG contribution is not reduced and the CC cap is not breached.

Personal (tax deductible) contributions

Requirements for those who wish to claim a tax deduction for contributions have been removed. From 1 July 2017 anyone who is eligible to make voluntary superannuation contributions will be eligible to make personal (tax deductible) concessional contributions up to the CC cap.

Prior to 1 July 2017 only those that were 'self-employed' and /or 'unsupported' were able to claim tax deductions for superannuation contributions. To be classified as 'unsupported' and to make 'unsupported persons' contributions to superannuation for taxation purposes, a person must have derived at least 90% of their assessable income from non-wage or non-salary sources. A self-employed person, a substantially self-employed person or an employee who received less than 10% of their total assessable income, including exempt income and Reportable Fringe Benefits (RFB), from employer salary support were able claim a tax deduction for their super contributions.

Claiming a tax deductions for contributions

If you intend to claim a deduction for all or part of your contribution to superannuation, you must notify your fund in writing of your intention to claim or vary a tax deduction. This notice must be acknowledged by the fund. Any excess above the concessional cap may count towards the non-concessional cap.

If a tax deduction is claimed, tax up to a maximum rate of 15% is applied by the superannuation fund to the portion claimed as a tax deduction.

Concessional Contribution cap

Concessional contributions are restricted to limits (Caps) as per the table below. From 1 July 2017 the CC Cap is indexed to Average Weekly Ordinary Time Earnings (AWOTE) in increments of $2,500.

Financial Year	2016 - 2017	2017 - 2018
People aged 59 & over on 30 June 2013	$35,000	$25,000
People aged 49 & over on 30 June 2014	$35,000	$25,000
People aged less than 49 at 30 June 2014	$30,000	$25,000

Note – From 1 July 2018, those with superannuation balances totaling less than $500,000 can carry forward unused concessional cap amounts (from 1 July 2017) for up to five years. Unused cap amounts are calculated over a 5 year rolling period. The current year CC are used up in the first instance. See example table below.

Year	Cap available^	CC made	Unused amount
2018/19	$25,000	$15,000	$10,000
2019/20	$35,000	$10,000	$25,000
2020/21	$50,000	$40,000	$10,000
2021/22	$35,000	Nil	$35,000
2022/23	$60,000	$45,000	$15,000

^ Ignores indexation of Concessional Contribution cap

Non-Concessional Contributions (NCC)

NCC's form the Tax Exempt Component and are not subject to tax on entry to the fund. People over 65 must satisfy the work test and are limited to that year's cap.

If the cap is breached the excess contribution can be withdrawn without penalty, but earnings on the excess contribution are taxable at the member's marginal tax rate. NCCs include:

Personal (Non-Tax Deductible) contributions

Contributions made from the member's savings or from after tax income for which a tax deduction is not claimed. These were previously referred to as 'undeducted' contributions.

Spouse contributions

To encourage contributions on behalf of a spouse, the Government offers a tax offset of up to $540 per annum on eligible spouse contributions. Spouse contributions are non-concessional contributions and are subject to the receiving spouse's non-concessional contributions cap.

The maximum tax offset is available to the contributing spouse of a couple, (including same sex couples from 1 July 2009), who is married or in a de-facto relationship and the partner for whom the contribution is made has income not exceeding $37,000 per annum. Income used to assess eligibility for the tax offset includes assessable income and RFBs. From 1 July 2009 salary sacrifice contributions to superannuation are reportable Fringe Benefits (FBT exempt) and also included in the calculation of assessable income.

The spouse making the contribution will receive an 18% tax offset on contributions of up to $3,000 per annum. A partial offset applies if the receiving spouse's income including RFB is more than $37,000 per annum, reducing on a dollar for dollar basis until their income is $40,000 per annum.

Non-Concessional Contribution cap

Non-concessional contributions are subject to the non-concessional contributions cap and is set at 4 times the CC Cap ($25,000 from 1 July 2017) for those with superannuation balances of up to $1.6M. Therefore from 1 July 2017 the NCC Cap is $100,000. As the CC Cap is indexed in increments of $2,500 the NCC cap increases in increments of $10,000. For those with superannuation balances in excess of $1.6M the NCC Cap reduces to nil.

Since no tax deductions have been claimed on these contributions, the super fund does not deduct tax on receipt of non-concessional contributions within the cap.

If you are under age 65 on 1 July of the financial year, you are able to bring forward up to two years of non-concessional contributions, effectively contributing three years of contributions in the one financial year. This is referred to as the 'Bring Forward' rule.

This means that if a person exceeds the cap in year one, they can use some or all of the caps for years two and three before being subject to any penalty tax. If you use the whole consolidated three year cap in year one, you cannot make any more non-concessional contributions in the next two subsequent financial years.

Prior to 1 July 2017 the cap for NCCs was 6 times the general CC cap ($180,000 in 2015/16 and 2016/17) and the 'bring forward' rule was also only available for people under 65. Transitional rules apply to those who have triggered the 'Bring forward' rule but had fully not utilized the cap in the 2 financial years prior to 2017/18 year.

The remaining available NCC Cap is recalculated on 1 July each year so members do not exceed the 'Bring Forward' rule amounts or the $1.6M available total superannuation balance cap.