

# Superannuation Funds – 2014/15

## Complying Superannuation Fund

Type of Receipt	Rate of Tax %
<b>Earnings (other than non-arm's length income)</b>	
Income received including realised capital gains	15
Discount capital gains (asset held for 12 months or more) <sup>1</sup>	10
<b>Employer Contributions<sup>2,3</sup></b>	
Portion covered by S.295-180 choice <sup>4</sup>	0
SGC shortfall component	15
All other employer contributions (no S.295-180 choice)	15
<b>Employee and Self-employed Contributions<sup>2</sup></b>	
Portion covered by S.290-170 notice (of intention to claim a deduction) <sup>3</sup>	15
All other employee and self-employed contributions (no S.290-170 notice)	0
<b>Contributions – other person (excluding trustee of exempt life assurance fund or of complying superannuation fund, ADF or PST)</b>	
Portion covered by S.295-180 choice <sup>4</sup>	0
Spouse contributions	0
Contributions for minor (not by an employer)	0
Government Co-contributions	0
First Home Saver Account	0
All other contributions (no S.295-180 choice)	15
<b>Roll-overs<sup>5</sup></b>	
Originating from taxable source (e.g., another complying fund)	
– tax-free component	0
– taxable component (taxed element)	0
– taxable component (untaxed element) <sup>5</sup>	15
<b>Non-arm's Length Component</b>	
Non-arm's length income (less attributable deductions) – S.295-550	47
<b>Transfer from Foreign Superannuation Funds</b>	
– amount specified in a choice under S.305-80	15
<b>Transfer from Superannuation Holding Accounts (SHA) special account<sup>6</sup></b>	
All	15
<b>Change of Status</b>	
Foreign fund to complying fund	
– market value of assets less member contributions	15

- 1 Effective tax rate when the 15% complying superannuation fund rate is applied to two-thirds of the discount capital gain.
- 2 Where a superannuation contribution has been made in respect of an individual who has not provided their TFN to the superannuation fund by the end of the year then these contributions will be subject to additional tax of 34% (calculated as 49% less the ordinary rate of the tax paid by the fund (i.e., 15 %) for the period 1 July 2014 to 30 June 2017). However, a tax offset is generally available if the TFN is provided to the fund in any of the three years after the year of contribution.
- 3 From 1 July 2012, subject to certain exceptions, the tax rate on concessional contributions made by, or on behalf of an individual with 'income' (as defined) plus 'low tax contributions' greater than \$300,000 increased from 15% to 30%. The additional 15% (known as Division 293 tax) is assessed to the individual, who has the option of having the fund pay. If an individual's 'income' (excluding their concessional contributions) is less than \$300,000 but the inclusion of their contributions pushes them over this threshold, then the 30% tax rate will only apply to the amount of the contributions that are in excess of \$300,000.
- 4 The choice applies to contributions made to a public sector superannuation scheme (other than one that came into existence after 5 September 2006) and the contributor must consent to the choice.
- 5 The rollover benefit will be taxed in the receiving fund to the extent it is not an 'excess untaxed rollover amount'. If the rollover amount exceeds the untaxed plan cap amount, the excess is taxed to the member (and not the fund) at 49% for the 2015 income year (which is the top marginal rate of 45% plus the 2% 'Temporary Budget Repair Levy' and the 2% Medicare levy), with the tax withheld by the fund that makes the rollover payment. Refer to 9.06.02 for the 'untaxed plan cap amounts'.
- 6 The 'superannuation holding accounts (SHA) special account' (previously known as the superannuation holding accounts reserve) was closed to employer deposits after 30 June 2006.

## Non-complying Superannuation Fund

Type of Receipt	Rate of Tax <sup>1</sup> %
<b>Earnings</b>	
Income received including realised capital gains	47
Discount capital gains (asset held for 12 months or more) <sup>2</sup>	23.5
<b>Contributions (Australian fund)<sup>3</sup></b>	
Employee and self employed	0
Employer (excluding trustee of exempt life assurance fund, complying superannuation fund, complying ADF or PST)	47
<b>Change of Status</b>	
Complying to non-complying	
– market value of assets less undeducted contributions and contributions segment	47
Foreign fund to Australian fund	
– market value of assets less member contributions	47

1 Before 1 July 2014, the tax rate that generally applied to non-complying superannuation funds was 45%. For the period 1 July 2014 to 30 June 2017, the rate includes the 2% 'Temporary Budget Repair Levy'.

2 Effective tax rate when the 47% superannuation fund rate is applied to one-half of the discount capital gain.

3 Where a superannuation contribution has been made in respect of an individual who has not provided their TFN by the end of the year, then these contributions will be subject to additional tax of 2% (calculated as 49% less the ordinary rate of tax paid by the fund (i.e., 47%) for the period 1 July 2014 to 30 June 2017). However, a tax offset is generally available if the TFN is provided to the fund in any of the three years after the year of contribution.

## Superannuation Thresholds – 2014/15

### Concessional Contributions Caps

Concessional contributions include employer contributions (including contributions made under a salary sacrifice arrangement) and personal contributions claimed as a tax deduction by a self-employed person.

Year	Age at year-end	Amount of Cap
2015	50+	\$35,000
	<50	\$30,000

### Non-concessional Contributions Caps

Non-concessional contributions include personal contributions for which taxpayers do not claim an income tax deduction. A person is liable to pay excess contributions tax if their non-concessional contributions exceed the cap<sup>1</sup>.

Income Year	Amount of Cap
2014/15	\$180,000 or \$540,000 <sup>1</sup> over 3 years

1 There is a 'bring-forward' option under which taxpayers can contribute greater than \$150,000 (\$180,000 from 1 July 2014) in an income year as long as the total contributions for that year and the next 2 years do not exceed \$450,000 (\$540,000 from 1 July 2014). This option only applies to taxpayers who are under 65 at any time in the year that they want to 'bring-forward' their contributions.

## Government Co-contribution Table for Low Income Employees

The superannuation co-contribution was initially introduced by the Government from 1 July 2003 as an incentive to encourage low income earners to save for their own retirement.

If an individual's satisfies the income test for the co-contribution, and they make personal (non-concessional) superannuation contributions, the Government will match their contribution with a 'co-contribution'.

For the 2013 and later income years, the government will contribute \$0.50 for every \$1 an eligible individual contributes into superannuation, up to the maximum co-contribution outlined in the following table for these years.

Income Year	Total Income <sup>1,2</sup> \$	Calculation of Maximum Co-contribution \$
2014/15	0 – 34,488	\$500
	34,489 – 49,488	$\$500 - [3.333\% \times (\text{Total income} - \$34,488)]$
	49,489+	Nil

- Total Income is calculated as the sum of assessable income, the reportable fringe benefits total and reportable employer superannuation contributions.
- For the 2015 income year, the maximum entitlement remains at \$500, whilst the lower income threshold increases to \$34,488 and the higher income threshold increases to \$49,488.

## Superannuation Spouse Contribution Tax Offset

The tax offset applies to contributions made by a taxpayer to a Complying Superannuation Fund or Retirement Savings Account in respect of their low-income earning, or non-working, spouse (married or de facto). The amount of the offset is as follows:

Spouse's Assessable Income (AI) <sup>1</sup> \$	Maximum Rebatable Contributions (MRC) \$	Maximum Offset Amount <sup>2</sup> \$
0 – 10,800	\$3,000	\$540
10,801 – 13,799	$\$3,000 - [AI - \$10,800]$	MRC x 18%
13,800+	Nil	Nil

- Including reportable fringe benefits and reportable employer superannuation contributions.
- The offset is calculated as 18% of the actual contributions if this results in a lower amount.

## Lump Sum Superannuation Benefits – Low Rate Cap Amount

The application of the low rate threshold for superannuation lump sum payments is capped. The low rate cap amount is reduced by any amount previously applied to the low rate threshold.

Income Year	Cap Amount
2014/15	\$185,000

## Superannuation Guarantee Rate

Employers who provide less than a prescribed level of superannuation support (the 'charge percentage', generally applied to the employee's ordinary time earnings) for their employees are liable to pay a superannuation guarantee charge based on the shortfall (calculated with reference to 'salary and wages') plus an interest component and an administration charge.

Income Year	Charge Percentage (%)
2014/15	9.5
2013/14 <sup>1</sup>	9.25

- From 1 July 2013, the SG age limit no longer applies.