

Division 293 Tax

What is Division 293 Tax?

For most high income earners, saving for your retirement through super is a sensible strategy, but you need to watch out for Division 293 tax.

If your income (taxable income, reportable fringe benefits and total net investment losses) **and** concessional contributions (CC) are more than \$250,000 in the 2023/24 year, you may have to pay an additional 15% tax on some or all of your CCs.

Division 293 contribution definitions

Division 293 contributions include:

- Employer contributions
- Personal deductible contributions
- Contributions for a defined benefit interest (valued by an actuary)
- Employer contributions (including salary sacrifice) to a constitutionally protected fund

The additional tax does not apply to:

- Excess concessional contributions
- Non-concessional contributions
- Contributions to certain Government funds for senior personnel, unless they are salary sacrifice contributions
- Contributions for certain Judges to defined benefit funds

Division 293 tax is payable in addition to the standard 15% tax that is generally paid on CCs by most people.

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Division 293 notice and choices

The ATO will work out if you need to pay Div 293 tax based on information in your tax return and data they receive from your super fund(s).

The ATO issues an "Additional tax on concessional contributions (Division 293) notice" to individuals which specifies the additional amount of tax that is payable and the due date for payment.

When an individual receives a Division 293 assessment, they can elect to have the amount released from their super fund to pay the tax. The timeframe for making the election is 60 days. The Division 293 election form must be sent to the ATO, **not** to the super fund. When the ATO receives the election form, they will have the client's nominated super fund release the funds and send the money to the ATO. You can, however, pay the tax from your non-super savings.

Non-concessional contributions

Division 293 tax is **not** levied on **non-concessional** contributions which are amounts paid by an individual out of their post-tax earnings into their superannuation fund for which they have not claimed a tax deduction.

While all reasonable care has been taken in the preparation of the publication, we do not accept any responsibility for any errors it may contain, whether caused by negligence or otherwise, or for any loss, however, caused, or sustained by any person that relies on it.

Note: This information is of a general nature only and is not intended to be relied upon, nor to be a substitute for, specific professional advice. Also as changes in legislation may occur quickly we recommend that our formal advice be sought before acting in any of the above areas.

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