

Superannuation Contributions

Making Superannuation Contributions

There are 2 basic types of super contributions you can make: **concessional** and **non-concessional**.

Concessional contributions are made from before-tax income and are taxed at 15% in your super fund. These include:

- Compulsory employer superannuation guarantee (SG) contributions (11.5% in the 2024 year)
- Salary sacrifice arrangements
- Personal super contributions that you claim as a tax deduction

The concessional contributions cap for 2024-25 year will be \$30,000 (unless you are eligible to use the carry-forward rule).

Non-concessional contributions are made from after-tax income and are not taxed in your super fund. These include:

- Voluntary additional payments made from your take-home pay
- Any made on behalf of your spouse
- A government co-contribution
- The Low Income Super Tax Offset (LISTO)

The non-concessional cap is \$120,000 (unless you are eligible to use the bring-forward rule).

Tax-Deductible Super Contributions

Tax-deductible super contributions can be voluntarily made if you meet the eligibility requirements and are:

- Self employed
- An employee earning a salary or wage
- Earning investment income
- Receiving a government pension or allowance
- Receiving a partnership or trust distribution
- Earning income from foreign sources, or
- Earning super income.

You will need to lodge a **Notice of Intent Form** with your super fund, which your super fund will acknowledge in writing. This acknowledgement in writing needs to be received before you can claim a deduction on your tax return.

Age Restrictions

The work test was changed on 1 July 2022. Under the change, if you are under 75 years of age during the 2022-23 financial year you can make non-concessional, or salary sacrifice contributions provided your super balance is less than \$1.9 million from July 2023.

The work test continues to apply if you wish to claim personal super contribution deductions. If you are 67 to 74 years old, you must be gainfully employed for at least 40 hours during a consecutive 30-day period in the financial year in which the contributions are made.

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Expanding the Downsizer Scheme

In 2023 the eligibility age for people to make downsizer contributions into their super will expand to include those aged 55 and over.

The Downsizer Scheme allows eligible people who sell their home to make a one-off, \$300,000 contribution to their super, outside the concessional and other rules. Couples can contribute \$300,000 each.

First Home Super Saver Scheme (FHSSS)

This Scheme helps Australians boost their savings for a first home by allowing them to build a deposit inside superannuation, giving them a tax cut.

You can apply to have a maximum of \$15,000 of your voluntary contributions to be released under the FHSS scheme. You are limited to a total of \$50,000 contributions across all years.

These contributions must be within existing contribution caps (eg. the \$30,000 per year concessional contributions cap.)

Things to know about super caps

If you exceed the super contributions cap, additional tax and penalties may apply.

If you have super assets of \$1.9 million or more as at 30 June of the previous financial year, you can't make additional after-tax contributions to your super. Only SG contributions can be accepted.

The General Transfer Balance Cap of for the 2024/25 year is \$1.9 million.

Proposed Cap on Tax Concessions

Currently, when you're still working and adding money to super (accumulation phase) the earnings from your super investments are taxed at 15%.

As part of the proposed changes, the tax rate on earnings will double to 30% for super balances above \$3 million.

They will still pay a 15% tax rate on earnings on their retirement savings up to \$3 million but will have to pay the higher tax rate on the remainder.

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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