Contributions

Types of contributions

Concessional contributions are before-tax contributions where a tax-deduction can be claimed. This includes:

- Superannuation guarantee contributions.
- Award related contributions.
- Salary sacrificed contributions.
- Deductible contributions made by a self-employed person.

Non-concessional contributions are after tax contributions where a tax-deduction cannot be claimed. This includes:

- Personal after tax contributions.
- Spouse contributions.

Contribution caps

Concessional Contributions		
	2015-16 & 2016-17	2017-18
Under 50	$30,000 pa	$25,000 pa
50-74	$35,000 pa	$25,000 pa
75+	$0	$25,000 pa
Non-Concessional Contributions		
Under 50	$180,000 pa or up to $540,000 over a 3 year period, triggered when contributions exceed $180,000 pa	$300,000 maximum over a 3 year period depending on total superannuation balance.
50-64		
65-74	$180,000 pa	$100,000 pa
75+	$0	$0

Government co-contributions are not taxable contributions and do not count towards the non-concessional cap.

Capital gains tax cap

An individual can elect to make non-concessional contributions under small business concessions, such as the retirement exemption or the 15-year exemption, against a separate lifetime CGT cap ($1.445m as at 2017-18).[1]

Acceptance of contributions

A superannuation fund can only accept contributions if the acceptance rules are satisfied.[2] If the contribution breaches the acceptance rule the fund must return the amount to the payee within 30 days of knowledge of the breach.

	Accepted contributions
Under 65	All contributions
65-70	All contributions, provided the member has satisfied the work test.
71-74	Contributions from the member or their employer, provided the member has satisfied the work test. Cannot accept spouse contributions and government co-contributions.
75+	Members can only receive employer contributions under award agreements.

Work test

The work test requires the member to be gainfully employed for at least 40 hours in 30 consecutive days during the financial year. Gainfully employed is defined as employed or self-employed for gain or reward in any trade, profession, vocation, calling, occupation or employment.[3]

Spouse contributions

Members can transfer up to 85% of their annual concessional contributions to their spouse. The spouse must be under age 65, or between 65 and 69 and satisfied the work test. Initial concessional contributions should be transferred to the spouse in the financial year following the year in which the contributions were made. An exception to this is when the member withdraws their entire benefit before the end of the financial year as a rollover or lump sum.

Reserve account contributions

An amount allocated from a reserve account is regarded as a concessional contribution. However, only those amounts in excess of 5% of the value of the member's interest in the fund will count towards the member's concessional contribution. These contributions need to be distributed on a fair and reasonable basis between members.

Contributions can be held in a contribution reserve account for 28 days before they need to be allocated to members. Any tax deduction for the contribution is recognised when the contribution is made, not when it is allocated.[4]

Further information

For further information please visit **www.cumsar.com.au** or contact Corey Plover on (03) 9642 2242.

1 *Income Tax Assessment Act 1997*, Section 292-90(2)(c)(iii) and Section 292-105
2 *Superannuation Industry (Supervision) Regulations 1994*, Reg 7.04
3 *Superannuation Industry (Supervision) Regulations 1994*, Reg 1.03
4 Australian Tax Office, Interpretive Decision 2012/16