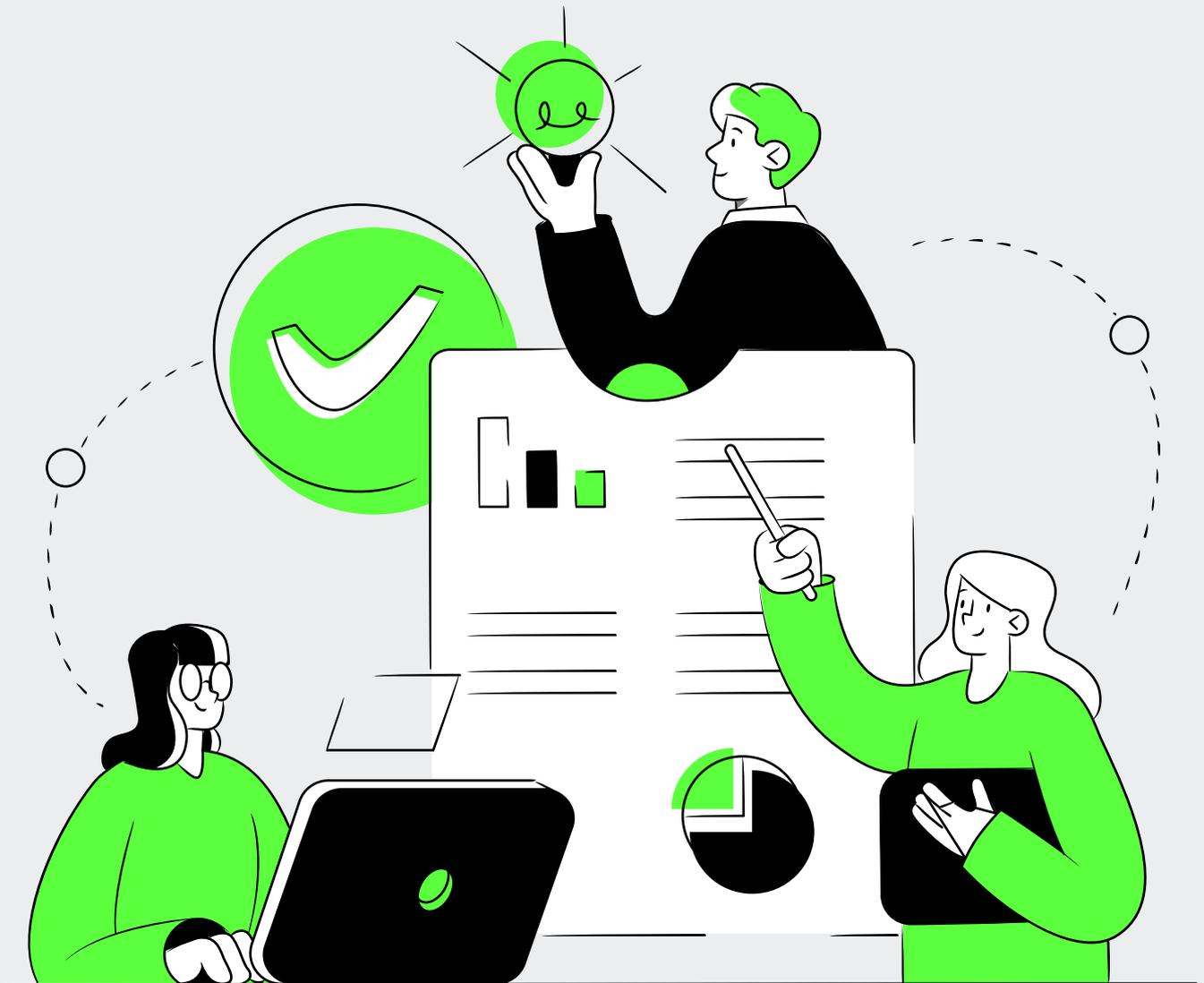


*Abbott & Mourly*

**lightyear**<sup>docs</sup>



# The ATO guide to super contributions

Grant Abbott



# The ATO guide to super contributions<sup>1</sup>

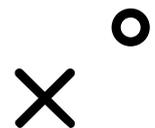
## A Compendium of ATO publishings on superannuation contributions

### Introduction

There are limits on how much you can pay into your super fund each financial year without having to pay extra tax. These limits are called 'contribution caps'.

How much you can contribute to your super fund and whether your fund is allowed to accept your contribution may also depend on your age and total super balance.

Contribution caps apply to all super funds. If you have more than one super fund, all your contributions are added up and count towards your caps.



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<sup>1</sup> This compendium is a series of extracts from a variety of published ATO resources and represent the Commissioner's view about the way in which provisions of the Superannuation Industry (Supervision) Act 1993 and the Income Tax Assessment Act 1997, or regulations under that Act, apply to superannuation funds that the Commissioner regulates: principally self-managed superannuation funds. Please note that the comments are not legally binding on the Commissioner.

If you exceed these caps, you may need to pay extra tax. You can avoid this by knowing about your own contribution caps.

# I. What is a super contribution?

## 1. Ordinary meaning of contribution

In the superannuation context, a contribution is anything of value that increases the capital of a superannuation fund provided by a person whose purpose is to benefit one or more particular members of the fund or all of the members in general.

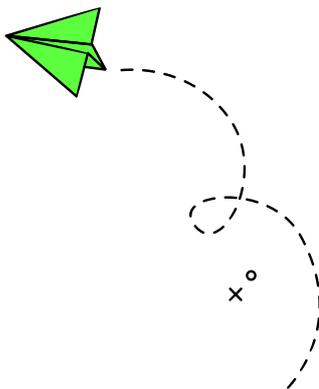
## 2. How and when a contribution is made

The capital of a superannuation fund may be increased directly by:

- transferring funds to the superannuation provider;
- rolling over a superannuation benefit from another superannuation fund;
- transferring an existing asset to the superannuation provider (an in specie contribution);
- creating rights in the superannuation provider (also an in specie contribution); or
- increasing the value of an existing asset held by the superannuation provider.

The capital of a superannuation fund can also be increased indirectly by:

- paying an amount to a third party for the benefit of the superannuation provider;
- forgiving a debt owed by the superannuation provider; or
- shifting value to an asset owned by the superannuation provider.





The following table summarises the ways in which funds are typically transferred and when the contribution is made:

No	If the funds are transferred by ...	A contribution is made when ...
1	Making a cash payment (either in Australian or foreign currency) to the superannuation provider	The cash is received by the superannuation provider.
2	An electronic transfer of funds to the superannuation provider	The funds are credited to the superannuation provider's account.
3	Giving the superannuation provider a money order or bank cheque on which payment is made	The money order or bank cheque is received by the superannuation provider, unless the order or cheque is dishonoured.
4	Giving the superannuation provider a personal cheque (other than one that is post-dated that is presented and honoured with cash or its electronic equivalent)	The personal cheque is received by the superannuation provider, so long as the cheque is promptly presented and is honoured.
5	Giving the superannuation provider a personal cheque that is post-dated and that is presented and honoured with cash or its electronic equivalent	The cheque is able to be presented for the payment (that is, the date on the cheque), so long as the cheque is promptly presented and is honoured.
6	A related party (as maker) issuing a promissory note, payable on demand at face value, to the superannuation provider and the note is paid with cash or its electronic equivalent	The promissory note is received, so long as payment is demanded promptly, and the note is honoured.
7	A related party (as maker) issuing a promissory note, payable on a future date at face value, to the superannuation provider and the note is paid with cash or its electronic equivalent	Payment is able to be demanded or required to be made, so long as the demand (if required) is promptly made, and the note is honoured.

### 3. Promissory notes and cheques

In the case of a personal cheque or a promissory note that is contributed by the maker, the Commissioner will treat the contribution as being made when the cheque or note is received by the superannuation provider only if the superannuation provider promptly presents the cheque or note for payment and the cheque or note is honoured with cash (or its electronic equivalent).

In circumstances where such a personal cheque or promissory note is not promptly dealt with, the Commissioner will treat a contribution as having been made only once the superannuation provider has obtained payment in cash (or its electronic equivalent).

Presentation of such a personal cheque or demand for payment of such a promissory note will be accepted as prompt if it occurs within a few business days consistent with prudent business practice. Subject to extenuating circumstances, the Commissioner expects a trustee to obtain payment on any cheque or promissory note as soon as possible as such behaviour is consistent with the covenant in paragraph 52B(2)(b) of the SISA.

Under that covenant, the trustee is required to exercise the same degree of care, skill and diligence as an ordinary prudent person would exercise in dealing with the property of another to whom the trustee felt morally bound to provide.

## II. Acceptance of member contributions and work test

Member contributions are made by you or on your behalf. They include:

- personal contributions
- spouse contributions
- contributions by parents, other family or friends (not in the capacity of an employer)
- government co-contributions.

They exclude compulsory employer contributions, such as super guarantee.

The types of member contributions your super fund can accept depends on:

- **Your age** – when you make the contribution if you are (67 - 74 years in 2020-21 to 2021-2;2 and 65 - 74 years in 2019-20 and earlier income years) you may need to meet a work test or work test exemption. From 2022-23 onwards if you are aged less than 75 years you do not

need to meet work test or work test exemption for your fund to accept a non-mandated contributions. Your fund can also accept a contribution if they determine it relates to a period when you were eligible. For example, a government co-contribution can always be accepted because they relate to a period when member contributions could be made.

- **Whether they have your TFN** – super funds can't accept member contributions if they don't have your TFN. This includes contributions made by your spouse on your behalf.

Your super fund may also have its own additional governing rules for acceptance of contributions.

If your super fund cannot accept a contribution because of a restriction, they must return the amount to you or the entity who contributed it. An exception to the acceptance rules is the CGT small business concessions that involve a look-through earnout right.



## 1. Financial Years 2022-23 and onwards

### ❖ Age 75- years and under

If you are under 75 years of age during the financial year 2022-23 and onwards, your fund can accept all types of contributions, except downsizer contributions (these can only be made if you are aged 60 years and over).

You will no longer need to meet either the work test or work test exemption to make or receive non-concessional super contributions and salary sacrificed contributions (but you will need to meet the work test to claim personal super contribution deductions).

### ❖ Aged 75 years or older

When you are aged 75 years or older, your fund can always accept compulsory employer contributions and downsizer contributions.

In the 28 days after you turn 75 years old, your fund can accept the following types of contributions:

- voluntary employer contributions, such as salary sacrifice contributions
- other amounts paid by your employer to your super fund, such as administration fees and insurance premiums
- other member contributions made to your super fund, such as
  - ◊ personal contributions
  - ◊ spouse contributions.

## 2. Financial Years 2021-22, 2020-21 and prior

### ❖ Aged under 67 years

If you are under 67 years of age during the financial years 2020-21 and 2021-22 your fund can accept all types of contributions, except downsizer contributions (these can only be made if you are 65 years or older).

Before 2020-21, the age limit was under 65 years old.

### ❖ Aged 67 to 69 years

If you are aged 67 to 69 years your fund can accept:

- compulsory employer contributions
- downsizer contributions.

You will need to satisfy the work test or work test exemption in each financial year for your fund to be able accept these types of contributions:

- voluntary employer contributions, such as salary sacrifice contributions
- other amounts paid by your employer to your super fund, such as administration fees and insurance premiums
- other member contributions made to your super fund, such as
  - ◊ personal contributions
  - ◊ spouse contributions.

For 2019-20 and earlier income years, this rule applied if you were aged 65 to 69 years.

### ❖ Aged 70 to 74 years

If you are aged 70 to 74 years, your fund can accept compulsory employer contributions and downsizer contributions, regardless of your employment status. However, you will need to satisfy the



work test or work test exemption in each financial year for your fund to accept these types of contributions:

- voluntary employer contributions, such as salary sacrifice contributions
- other amounts paid by your employer to your super fund, such as administration fees and insurance premiums
- other member contributions made to your super fund, such as
  - ◊ personal contributions
  - ◊ spouse contributions.

These member contributions (other than downsizer contributions) must be received before or on the 28th day after the end of the month in which you have your 75th birthday.

Before 1 July 2020, if you were 70 to 74 years old your fund could not accept personal contributions made by someone other than yourself, including spouse contributions.

### ❖ Aged 75 years or older

When you are aged 75 years or older, your fund can always accept compulsory employer contributions and downsizer contributions.

In the 28 days after you turn 75 years old, your fund can accept the following types of contributions if you satisfy the work test or work test exemption:

- voluntary employer contributions, such as salary sacrifice contributions
- other amounts paid by your employer to your super fund, such as administration fees and insurance premiums
- other member contributions made to your super fund, such as
  - ◊ personal contributions
  - ◊ spouse contributions.

## 3. Work test

From 1 July 2022 if you are under 75 years of age, you will no longer need to meet the work test to make or receive non-concessional super contributions and salary sacrifice contributions. If you are aged 67-74 years, you will however be required to meet the work test in order to claim a personal superannuation contribution deduction.

To meet the work test, 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.

This is an annual test. This means once you meet this test you can make contributions for the entire financial year.

Gainfully employed means employed or self-employed for gain or reward in any business, trade, profession, vocation, calling, occupation or employment.

If, due to the impacts of COVID-19, you are stood down from your employment but are receiving the JobKeeper payment then it is accepted that you are gainfully employed and meet the work test.

If you do unpaid work or only receive passive income, such as interest, dividends, trust distributions or rent, you do not meet the definition of gainfully employed.

#### Next step

- If you're not sure whether you meet the work test rules for contributions, check with your fund or ask our CommunityExternal Link for help.



## 4. Work test exemption

From 1 July 2022 if you are under 75 years of age, you will no longer need to meet the work test exemption to make or receive non-concessional super contributions and salary sacrifice contributions.

From 1 July 2019, if you no longer meet the work test your super fund can still accept voluntary contributions for an extra 12 months from the end of the financial year in which you last met the work test, provided you meet certain criteria. This is called the work test exemption.

If you are in a defined benefit fund you cannot use the work test exemption. However, you can choose to open an accumulation account with another super fund to make voluntary contributions using the work test exemption.

To meet the work test exemption criteria, you must meet 3 conditions:

- you satisfied the work test in the financial year before the year in which you made the contribution
- your total super balance is less than \$300,000 at the end of the previous financial year
- you did not use the work test exemption in a previous financial year.

## 5. Interaction between excess contributions and First Home Super Saver Scheme

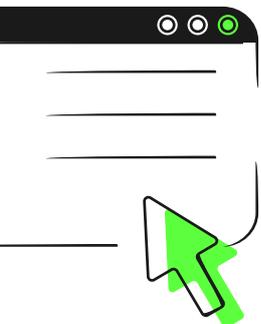
You can contribute an amount up to your existing superannuation contribution caps into your super fund to save for your first home under the First Home Super Saver (FHSS) Scheme.

Your FHSS contributions will count towards your contribution caps for the year they were originally made. If you exceed your caps (even if you made contributions only for the purposes of requesting release under the FHSS scheme), it could mean that more tax is payable. This will be separate to any tax payable on the FHSS release amount.

Requesting a release under the FHSS scheme will not satisfy as a request for release for excess contributions' purposes. Amounts released under the FHSS scheme do not alter the calculation of your concessional or non-concessional contributions for cap purposes. The FHSS Scheme and the excess contributions regime operate separately.

We use information reported to us by super funds and in your income tax return to calculate if you have exceeded your concessional and/or non-concessional contributions cap in a financial year. If you contribute more than these caps, you may have to pay extra tax.

**NOTE:** Amounts that are not counted towards your concessional or non-concessional contribution caps are not eligible for release under the FHSS Scheme.



# III. Tax Deductions and Contributions

## 1. Claiming deductions for personal super contributions

You can't claim a deduction for superannuation contributions paid by your employer directly to your super fund from your before-tax income such as:

- the compulsory super guarantee
- [Salary sacrificing super amounts](#)
- [Reportable employer super contributions.](#)

You may be able to claim a tax deduction for personal super contributions that you made to your super fund from your after-tax income, for example, from your bank account directly to your super fund. Before you can claim a deduction for your personal super contributions, you must give your super fund a [Notice of intent to claim or vary a deduction for personal contributions form](#) (NAT 71121) and receive an acknowledgement from your fund. There are other [eligibility criteria](#) that you must meet.

People eligible to claim a deduction for personal contributions include people who get their income from:

- salary and wages
- a personal business (for example, people who are self-employed contractors, or freelancers)
- investments (including interest, dividends, rent and capital gains)
- government pensions or allowances
- super
- partnership or trust distributions
- a foreign source.

The personal super contributions that you claim as a deduction will count towards your concessional contributions cap. When deciding whether to claim a deduction for super contributions, you should consider the super impacts that may arise from this, including whether:

- you will exceed your contribution caps
- Division 293 tax applies to you
- you wish to split your contributions with your spouse
- it will affect your super co-contribution eligibility.

If you exceed your cap, you will have to pay extra tax and any excess concessional contributions will count towards your non-concessional contributions cap.

## 2. Claiming employer contributions for employees

You can claim a deduction for a contribution that you make to provide superannuation benefits for another person who is your employee at the time that the contribution is made.

A contribution will provide superannuation benefits to an employee if it will benefit a particular employee who is a member of the fund, or if it will benefit all or an identifiable class of employees who are members of the fund.

An employee must be a member of the superannuation fund when you make the contribution if the contribution is to provide superannuation benefits for that employee. If the employee is not a member of the fund when the contribution is made (for example because the employee has recently commenced working for



you), the contribution will be taken to provide superannuation benefits for that employee only if the employee becomes a member of the fund in due course and the contribution is appropriately allocated to the employee as required by the SISR.

### 3. Does Part IVA apply to employer contributions for spouse?

#### TD 2005/29

Will Part IVA of the Income Tax Assessment Act 1936 always apply if a taxpayer who carries on a business (including a personal services business) pays superannuation contributions that do not exceed the age-based limits but are considerably in excess of the value of the services provided by the employee?

**No.** The application of Part IVA of the Income Tax Assessment Act 1936 (ITAA 1936) to a particular scheme depends on the particular facts and circumstances of the case.

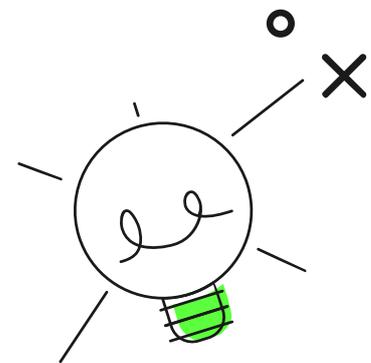
However, in light of the Administrative Appeals Tribunal's (AAT's) decision in *Ryan v Commissioner of Taxation* (2004) 56 ATR 1122; 2004 ATC 2181 (Ryan's case), the Tax Office accepts that, absent unusual features, Part IVA of the ITAA 1936 will not apply to a case where a company, trust, partnership or individual conducting a personal services business (as defined in Division 87 of the Income Tax Assessment Act 1997 (ITAA 1997)) pays superannuation contributions to a complying superannuation fund in respect of the associate of the main service provider.

#### Example

Mary is a computer consultant who provides her professional services through her private company to a number of clients, all of whom refuse to contract with her personally but insist on obtaining her services through a contract with her company. The company employs Mary to provide programming services to its clients and employs

her husband Derek to provide administrative support. Derek obtains a market value salary for his administrative work for the company, but the company provides superannuation contributions on his behalf to a complying superannuation fund up to his age-based limit of \$95,980. The company provides the remainder of its fee income, net of expenses, to Mary as remuneration for her services. Mary's remuneration consists of salary and a superannuation contribution of \$4,500, representing 9% of her salary (the minimum level of superannuation support required under the superannuation guarantee scheme). Mary's salary is lower than it would have been if the company had not made such a high superannuation contribution on behalf of Derek. However, Derek provides valuable service to the company for which he is fairly remunerated, the company makes genuine superannuation contributions on his behalf, and there are no unusual features to the arrangement. In the circumstances Part IVA does not apply.

Note that different considerations might arise if, say, Mary was providing her services without administrative support and then took a significant cut in her salary to allow Derek to be employed by the company at his remuneration level to perform tasks that were previously not required.



## IV. There are two types of contributions for tax purposes

There are 2 types of contributions you (or others) can make into your super fund:

- **Concessional** – These contributions come from income that has not yet been taxed. They are also called ‘before tax’ contributions. Once the concessional contributions are in your super fund, they are taxed at a rate of 15%. You may need to pay extra tax if you exceed the concessional contribution cap.
- **Non-concessional** – These contributions come from income that has already been taxed. They are also called ‘after tax’ contributions. These contributions are not taxed once received by your super fund. However, you may pay tax on them if you exceed your non-concessional contribution cap.

### 1. Concessional contributions and contribution caps

Concessional contributions are contributions that are made into your super fund before tax. They are taxed at a rate of 15% in your super fund.

From 1 July 2021, the concessional contributions cap is \$27,500. The increase is a result of indexation in line with average weekly ordinary time earnings (AWOTE). From 1 July 2017 to 30 June 2021, the concessional contribution cap for each year is \$25,000.

Your cap may be higher if you did not use the full amount of your cap in earlier years. This is called the carry-forward of unused concessional contributions.

You can check your available concessional contributions cap on ATO online services (accessed via myGov).

If you exceed your concessional contribution caps, the amount over the cap is your excess concessional contributions. We will send you a letter (determination) and a notice of assessment. You may receive these in your myGov Inbox. The correspondence will tell you:

- your excess concessional contributions
- your excess concessional contributions charge (for the period 2013-14 to 2020-21 income years only)
- what options are available.

If you receive a letter you must lodge a tax return for that year.

For more information, see Types of concessional contributions.

### 2. Division 293

If your combined income and concessional contributions are more than \$250,000 you may have to pay extra tax, see Additional tax on concessional contributions (Division 293).

### 3. Types of concessional contributions

Concessional contributions include:

- employer contributions, such as
  - ◊ compulsory employer contributions
  - ◊ additional concessional contributions your employer makes
  - ◊ salary sacrifice payments made to your fund
  - ◊ other amounts paid by your employer from your before-tax income to your super fund, such as administration fees and insurance premiums



- ◇ superannuation guarantee charge (SGC) shortfall amounts we contribute to your fund. These are paid to reflect the contributions that your employer did not pay to a fund on time for you.
- personal contributions you are allowed as an [income tax deduction](#)
- [notional taxed contributions](#) if you are a member of a defined benefit fund (including [Constitutionally protected funds for 2017-18 onwards](#))
- [unfunded defined benefit contributions](#)
- some amounts allocated from a fund reserve
- or people over 18, certain [family and friend contributions](#).

However, depending on your age and work status some types of contributions may not be able to be accepted by your super fund (see [Acceptance of member contributions and work test](#)).

- **Spouse Split contributions:** If you split some of your concessional contributions and give some to your spouse, they still count as your contributions, and go towards your concessional contributions cap. Read more on [splitting your concessional contributions](#).

If you have more than one fund, concessional contributions made to all your funds during a financial year are added together and counted towards your concessional contributions cap.

For more information, see:

- [Tax treatment of transfers from foreign super funds – Excess contributions tax](#)
- [Super contributions – for defined benefit fund and untaxed funds](#)
- [Changes to concessional contributions – constitutionally protected and unfunded defined benefit funds Super Guidance Note 2017/11](#).

## 4. Constitutionally protected funds and unfunded defined benefit funds

Before 1 July 2017, the following did not count towards your concessional contributions cap:

- concessional contributions to an accumulation interest in a [constitutionally protected fund](#) (CPF)
- most concessional contributions to defined benefit interests in CPFs
- most concessional contributions to [unfunded defined benefit funds](#).

However, from 1 July 2017 contributions made to, and certain other amounts allocated to interests in, CPFs and unfunded defined benefit funds do count towards your concessional contributions cap.

Defined benefit contributions represent the annual increase in your interest in a defined benefit fund, based on the benefit you are expected to receive when you leave the fund. This amount is calculated following rules set out in the Income Tax Assessment Regulations 1997.

Unfunded defined benefit contributions are the amounts by which your defined benefit contributions exceed your notional taxed contributions if you are a member of an unfunded or partially unfunded defined benefit fund.

These contributions, as well as amounts made to certain funded defined benefit interests that are subject to the grandfathering transitional rules, cannot on their own result in you exceeding your concessional contributions cap for a financial year. However, they will be used to assess your liability for [Division 293 tax](#).

By counting these contributions towards your concessional contributions cap you may not be able to make additional concessional contributions to other funds without exceeding your cap and having to pay extra tax.

[LCR 2016/11](#) explains how concessional contributions are calculated for CPFs and defined benefit interests from 1 July 2017.

We recommend you check with:

- your fund to review your arrangements with CPFs, unfunded defined benefit funds and other super funds
- your employer about your
  - ◊ salary sacrifice agreements
  - ◊ amounts being paid to CPFs or other funds
  - ◊ other contributions to CPFs and defined benefit funds.

### Example: Member of CPF

Meenu's employer made concessional contributions of \$30,000 to an accumulation interest in a CPF in 2020-21.

Her general concessional contributions cap for 2020-21 was \$25,000. She can check her personal concessional contributions cap on ATO online services.

Even though the concessional contributions made to the CPF were more than her general cap of \$25,000, they will be treated as being equal to her general concessional contributions cap. She is not considered to have exceeded her concessional contributions cap for the year.

However, if Meenu also made concessional contributions to a non-CPF accumulation fund during 2020-21, those amounts would be treated as excess concessional contributions.

### End of example

See also

- [Defined benefit funds - notional taxed contributions](#)

## 5. Compensation and your concessional contribution cap

The [Super contribution caps fact sheet](#) explains the impact on your contribution caps if amounts of compensation are received from financial service providers by your super fund.

It explains the impact on your concessional or non-concessional super contribution caps or both where an amount of compensation is received by your super fund and allocated to your account.

It also explains how you may apply to the ATO to request the Commissioner's discretion to [disregard or reallocate your contributions](#) if you have or will exceed your concessional or non-concessional contribution caps.

Your super fund may receive compensation from a financial services provider if you received inappropriate financial advice, or where fees were paid but no advice was given. The compensation may include an amount reflecting a refund or reimbursement of adviser fees, and/or an amount to compensate for lost earnings. It may also include an interest component.

Whether the compensation is a contribution, and therefore counted towards your contribution caps will depend on the circumstances in which the compensation is received, including:

- where your super fund engaged the financial service provider and has a right to compensation
- where you personally engaged the financial services provider, and you have a right to compensation
- where there is no right to compensation.

If the compensation was paid directly by the financial service provider to your super fund other than at your direction, the compensation will be a concessional contribution in the financial year it is received by the fund.

See also

- [Request to disregard or reallocate your contributions](#)



## 6. If you exceed your concessional contributions cap

If you exceed your concessional contributions cap, it means that:

- the excess concessional contributions amount is included in your assessable income
- this amount will be taxed at your marginal tax rate.

You may have to pay extra tax.

We apply a 15% tax offset to account for the contributions tax already paid by your super fund.

If you exceed your concessional contributions caps, you may elect to withdraw up to 85% of your excess concessional contributions from your super fund to help pay your income tax liability.

When your excess concessional contributions are included in your assessable income it can lead to:

- you entering the pay as you go (PAYG instalments)
- your existing PAYG instalments being affected.

## 7. If you don't withdraw your excess concessional contributions

From 1 July 2017, if you do not or cannot elect to release your excess concessional contributions, you could be taxed up to 94%. Any excess concessional contributions not released from the fund are counted towards your non-concessional contributions cap.

On this page

- [Excess concessional contributions charge](#)
- [How we let you know you have exceeded your cap](#)
- [Your options if you exceed the cap](#)
- [Tips to avoid exceeding the concessional contributions cap](#)

## 8. Excess concessional contributions charge

Individuals who make contributions on or after 1 July 2021 that exceed their concessional contributions cap, will no longer be liable to pay the excess concessional contributions charge.

For the income years 2013-14 to 2020-21, if you exceed your concessional contributions cap, you also may have to pay the excess concessional contribution charge (ECC charge).

This charge is in addition to the extra tax you pay when your excess contributions are included in your assessable income. It is applied because the tax on the excess concessional contributions is collected later than normal income tax.

The charge is payable for the year you have excess concessional contributions.

The period for which the charge is calculated:

- starts at the beginning of the financial year in which the excess concessional contributions were made
- ends the day before the due date for your first income tax assessment for that year.

If you don't pay the ECC charge by the due date, the general interest charge (GIC) may also apply.

## 9. How we let you know you have exceeded your cap

If you have excess concessional contributions for 2013-14 or later years, we will issue you with an excess concessional contributions determination.

The determination letter advises you:

- that your excess concessional contribution amount has been included as assessable income in your tax return
- what actions you need to take.

You will also receive a notice of assessment (NOA). This includes the:

- excess concessional contributions amount in your assessable income
- non-refundable tax offset amount (15% of the ECC).

To work out if you exceeded your concessional contributions cap, we assess the information reported to us:

- by your super fund
- in your tax return.

If your excess concessional contributions are reported to us after you lodged your tax return, we will amend your tax return. We will send you an amended NOA and an excess concessional contributions determination.

## 10. Your options if you exceed the cap

When you receive a determination and NOA or amended NOA, you have 60 days to make an election (choice). You can:

- choose to leave the excess contributions in super, or
- elect to release them.

If you choose to leave the excess concessional contributions in super, you need to pay any extra tax and the ECC charge out of your own money. Individuals who make contributions on or after 1 July 2021 that exceed their cap, will no longer be liable to pay the ECC charge. If you choose to do nothing, your excess concessional contributions will be counted towards your non-concessional contributions cap.

If you elect to release, you can release up to 85% of your excess concessional contributions from your super fund to help pay any additional tax and the ECC charge. Individuals who make contributions on or after 1 July 2021 that exceed their cap, will no

longer be liable to pay the ECC charge.

If you believe the determination is wrong, see [If the information used for excess contributions is wrong](#).

If there are special circumstances why your contributions exceeded or will exceed your contributions cap, you can make an application to the Commissioner for a determination to [disregard or reallocate your contributions](#).

If your employer has lodged superannuation guarantee charge (SGC) statements under the [SG amnesty](#), any concessional contributions we pay to your fund as a result will be disregarded and will not count towards your concessional cap. We will tell you when this has occurred.

However, if your employer made contributions directly to your super fund and claimed these amounts under the SG amnesty, then you still need to apply for a determination to have the contributions disregarded from counting towards your cap.

For more information, see [excess contributions tax and how funds report your contributions](#).

### Example: Excess concessional contributions

Mary is 51 years old. During 2019–20, Mary salary sacrificed money to super. Her total concessional contributions were \$35,000. Mary's total super balance is over \$500,000 on 30 June 2019.

Mary's concessional cap is \$25,000, so her excess concessional contributions total is \$10,000 (\$35,000 minus \$25,000).

Mary lodges her tax return and her taxable income is \$70,000. We include the \$10,000 of excess concessional contributions, which increases Mary's taxable income to \$80,000. Mary's income is assessed at her effective marginal tax rate of 34.5% (including 2% Medicare levy).

Mary now has an additional tax liability of \$3,450. However, Mary is entitled to a tax offset equal



to 15% of her excess concessional contributions. This decreases her tax liability by \$1,500 ( $\$10,000 \times 15\%$ ) to \$1,950 ( $\$3,450$  minus  $\$1,500$ ).

The ECC charge is also calculated and added to her liability. Individuals who make contributions on or after 1 July 2021 that exceed their cap, will no longer be liable to pay the ECC charge.

We will notify her by sending:

- an income tax NOA
- an excess concessional contributions determination.

Mary can choose to act in one of 2 ways:

- Leave the excess concession contributions in super and pay the extra tax and ECC charge out of her own money. Individuals who make contributions on or after 1 July 2021 that exceed their cap, will no longer be liable to pay the ECC charge.
- Release up to 85% of her excess concessional contributions from her super fund to help her pay the extra tax and ECC charge. Individuals who make contributions on or after 1 July 2021 that exceed their cap, will no longer be liable to pay the ECC charge.

If Mary does not release her excess concessional contributions, they will be counted as non-concessional contributions.

### End of example

## 11. Releasing excess concessional contributions from your fund

You may elect to withdraw up to 85% of your excess concessional contributions from your super fund to help pay your income tax assessment and ECC charge. Individuals who make contributions on or after 1 July 2021 that exceed their concessional contributions cap, will no longer be liable to pay the ECC charge.

You have 60 days from when you receive your determination to make an election (although further time is allowed in certain circumstances).

You can choose to withdraw the amounts from one or more funds, however the total amount withdrawn cannot be more than 85% of the excess concessional contribution amount stated in your determination.

Before making an election, you should check that you have enough money in your funds.

Members of defined benefit funds should check with the fund as they may not be able to release an amount.

Once you make an election, it cannot be withdrawn or revoked.

If you release 85% of your excess concessional contributions, none of your excess concessional contributions will:

- be treated as non-concessional contributions
- count towards your non-concessional contributions cap.

If you release less than 85% of your excess concessional contributions, some or all your excess concessional contributions will:

- be treated as non-concessional contributions
- count towards your non-concessional contributions cap.

When your election has been successfully lodged and processed, we issue a release authority to the relevant super funds. Super funds have 10 business days to release the requested amount and send it to us.

The amount sent to us is used to pay any of your:

- outstanding tax liability
- other Australian Government debts.

We will refund any remaining balance to you.

The super fund is required to release the full amount elected to us unless you:

- don't have enough funds available
- no longer have any super interests with the fund
- have funds that cannot be released because they are in a defined benefit interest.

If a fund is not able to release all or part of the elected amount, we will let you know. You will have another 60 days to make a new election to another fund.

If you don't have another fund, then you will need to pay your income tax liability out of your own money.

### Example: Election to release

Faye has \$4,500 of excess concessional contributions in 2019-20.

Faye's total super balance was \$1.7 million on 30 June 2019, so her non-concessional contributions cap for 2019-20 is nil. She did not make any non-concessional contributions in 2019-20.

After we send an excess concessional contributions determination to Faye, she uses ATO online services to lodge an election to release the full amount (85% of \$4,500).

When we receive the election, we issue a release authority to her nominated fund. Faye's fund must release the maximum amount available, and they send \$3,825 to us. We credit this amount to Faye's account.

As the full amount was released (85% of the excess concessional contributions) none of Faye's \$4,500 excess concessional contributions count towards her non-concessional contributions cap.

This means Faye will not have excess non-concessional contributions in 2019-20.

## 12. Effect of not releasing your excess concessional contributions

Any excess concessional contributions you do not elect to have released will count towards your non-concessional contributions cap.

From 1 July 2017, if unreleased excess concessional contributions cause you to exceed your non-concessional contributions cap you could be taxed up to 94%.

Example of situations where not releasing excess concessional contributions may mean you exceed your non-concessional cap include:

- You have a total super balance above the general transfer balance cap (\$1.6 million from 2017-21; \$1.7 million from 2021-22) and your non-concessional contributions cap is nil.
- You have already triggered the bring-forward arrangement for non-concessional contributions and have made non-concessional contributions up to the bring-forward cap.
- You are not entitled to the bring-forward arrangement for non-concessional contributions and you have made non-concessional contributions up to your normal cap.
- You unintentionally triggered the bring-forward arrangement for non-concessional contributions when your unreleased excess concessional contributions were included as non-concessional contributions.

Be aware that if you are a member of a defined benefit fund then you may not be able to release excess concessional contributions from that fund.

You should consider the tax consequences of releasing or not releasing excess concessional contributions from a super fund. You may want to seek financial advice.

For assistance, see seeking our advice.



### Example: Does not elect to release

Lucy had excess concessional contributions of \$10,000 in 2019–20.

Lucy's total super balance on 30 June 2019 was less than \$1.6 million.

Lucy also made non-concessional contributions of \$100,000 in 2019–20. Because Lucy is 68 years of age, she is not eligible for the [bring-forward arrangements](#). Therefore, her non-concessional contributions cap for 2019–20 is \$100,000.

We send Lucy an excess concessional contribution determination. She chooses not to release any of her excess concessional contributions. She has to pay the additional tax and ECC charge out of her own money. Individuals who make contributions on or after 1 July 2021 that exceed their concessional contributions cap, will no longer be liable to pay the excess concessional contributions charge. This also means her excess concessional contributions will count towards her non-concessional contributions cap.

She will have excess non-concessional contributions of \$10,000 (\$100,000 non-concessional contributions plus \$10,000 excess concessional contributions minus the \$100,000 non-concessional contributions cap) for 2019–20.

We also issue Lucy an excess non-concessional contribution determination. She elects to release from her fund:

- the excess non-concessional contribution amount
- 85% of her associated earnings released from her super fund.

Her associated earnings are included in her assessable income and she will pay tax at her marginal tax rate. She will also get a tax offset equal to 15% of the associated earnings.

The amount released from her fund is sent to us and is used to pay her income tax debt. The remainder will be refunded to her.

## 13. How to make an election to release funds

To release an amount of your excess concessional contributions, you can make an election using ATO online services through myGov.

There are 3 ways to make an election:

- Log in to ATO online services, select Super, then navigate to Concessional election. To make an election, select 'Lodge'. The election form will be available for 120 days after the determination issue date.
- Ask your tax agent to submit an election on your behalf through Online services for agents.
- Complete an [excess concessional contributions election form](#) and send it to us.

More information:

- New ATO online services users – [Get started with myGov and ATO online services](#)
- Existing ATO online services users – Log into [ATO online services](#)[External Link](#).

## 14. If the time frame to make election has expired

You have 60 days to make an election. However, the option to make an election will still be available in our online services for 120 days after the date of issue of the determination.

After 120 days you cannot lodge an election via ATO online services. However, you can still either:

- ask your agent to lodge your election through Online services for agents
- complete and lodge the [excess concessional contributions election form](#).

You should pay any outstanding liabilities to avoid additional interest charges.

When we receive a late election form, we will determine if we will accept it.

### Example: Excess concessional contributions – release from fund

Mary (from the previous example) has 21 days to pay her income tax debt which was a result of the:

- excess concessional contributions being included in her income tax assessment
- ECC charge. Individuals who make contributions on or after 1 July 2021 that exceed their concessional contributions cap, will no longer be liable to pay the ECC charge.

She decides to withdraw some excess concessional contributions from one of her super funds to help pay her tax debt.

Mary completes the excess concessional contributions election form via ATO online services and decides to release the full amount of \$8,500 (85% of \$10,000).

We issue a release authority to Mary's nominated fund to have the money released to us.

When we receive the money, we offset the amount against any debts Mary has, before refunding her the balance.

Mary's excess concessional contributions will no longer be counted as non-concessional contributions.

#### ❖ Tips to avoid exceeding the concessional contributions cap

The following suggestions may help you keep your super contributions below your concessional contributions cap and prevent you having to pay additional tax.

#### ❖ Keep track of amounts and your contribution caps

- Be aware of your concessional contributions cap, including any unused concessional contribution cap amounts from previous years.
- Be aware of your total super balance.

- Keep track of the amount of contributions you, your employer or others make on your behalf.
- If you have more than one job or pay money into more than one super fund, include all of them when working out your annual contributions. You can track these contributions on ATO online services.

#### ❖ Check the timing of contributions

- Check when your employer pays the contributions and when they were received by your super fund – contributions count towards a cap in the year your super fund receives them.
- Check with your employer if you have an instruction in your salary sacrifice agreement about the timing of when contributions will be paid to your super fund.

#### ❖ Understand what is and isn't a concessional contribution

- Compulsory employer contributions are included as part of your concessional contributions.
- If your employer has lodged superannuation guarantee charge (SGC) statements under the SG amnesty, any concessional contributions we then pay to your fund will not be included in your concessional cap. We will tell you when this occurs. However, if your employer made contributions directly to your super fund and claimed these amounts under the SG amnesty, you need to apply for a determination to have the contributions excluded from your cap amount.
- If you are a member of a constitutionally protected fund or an unfunded defined benefit fund be aware of how concessional contributions to these funds are treated. Keep track of how contributions are calculated by these types of funds and contributions made to any other funds that may put you over your cap.
- Check if your employer pays costs on your behalf to your fund, for example super administration fees and insurance premiums. These amounts are included in your



concessional contributions cap.

- If you are eligible to claim a tax deduction for your personal super contributions, the amount we allow as a deduction is included in your concessional contributions cap.

#### ❖ Take action

- If you think you may go over your concessional contributions cap in the current financial year
  - ◇ stop or reduce any before-tax voluntary contributions to your super
  - ◇ delay making any personal super contributions you intend to claim as a deduction in your tax return.
- If you have 2 or more employers and you think your employers' compulsory super contributions will exceed your concessional contributions cap for a financial year, you can apply for a Shortfall exemption certificate. This means you can opt-out of receiving super guarantee (SG) from one or more of your employers. Before you apply
  - ◇ talk to your employer about the effect a Shortfall exemption certificate may have on your pay or other entitlements
  - ◇ be aware that your employer can disregard a Shortfall exemption certificate and continue paying SG.

For information on high income earners see [super guarantee opt-out for high income earners with multiple employers' form](#)

## 15. Special circumstances

If your contributions for a financial year exceed or will exceed your contributions cap due to special circumstances, you can apply to the Commissioner to make a determination so that some or all your contributions are disregarded or allocated to another year, see [request to disregard or reallocate your contributions](#).

## 16. Non-concessional contributions and contribution caps

Non-concessional contributions are:

- from your after-tax income
- not taxed in your super fund.

From 1 July 2021, the non-concessional contributions cap is being increased to \$110,000 as a result of indexation in line with average weekly ordinary time earnings (AWOTE). If you contribute more, you may have to pay extra tax

From 1 July 2017 to 30 June 2021, the non-concessional contributions cap is \$100,000.

Your own cap might be different. It can be:

- higher, if you can use the [bring-forward arrangements](#)
- nil, if your [total super balance](#) is greater than or equal to the general transfer balance cap (\$1.6 million from 2017-21; \$1.7 million from 2021-22).

If you take money out of your super and put it back later, it counts as a new non-concessional contribution, unless you have claimed and been allowed this amount as a tax deduction.

If you have more than one fund, the total of all non-concessional contributions made to all your funds during a financial year count towards your non-concessional contributions cap.

We provide [tips to help you avoid exceeding the non-concessional contributions cap](#).

If you exceed your non-concessional contributions cap, we will let you know and tell you what your options are to pay the extra tax.

You must also lodge a tax return for that year if you exceed your cap.

Find out about

- [Types of non-concessional contributions](#)

- [Timing of contributions](#)
- [Working out your non-concessional contributions cap](#)
- [Bring-forward arrangements](#)

## 17. Types of non-concessional contributions

There are many types of non-concessional contributions including:

- contributions you make, or your employer makes on your behalf, from your after-tax income
- contributions your spouse makes to your super fund (excluding when your spouse is your employer)
- personal contributions which you have not [claimed and been allowed as an income tax deduction](#)
- excess concessional (before-tax) contributions which you have not [released from your super fund](#)
- contributions exceeding your capital gains tax (CGT) cap amount
- retirement benefits you withdraw from a super fund and 're-contribute' to super and which you have not [claimed or been allowed as an income tax deduction](#)
- contributions made for you by someone else if you are under 18 and the contributor is not your employer
- most [transfers from foreign super funds](#) (including [New Zealand KiwiSaver contributions](#)). This does not include amounts in your fund's assessable income.
- life insurance premiums and fund fees (in some cases). Consider these when planning your contributions.

Some types of contributions may not be able to be accepted by your super fund, depending on your age and work status (see [Acceptance of member contributions and work test](#)).

### ❖ Exclusions

The following types of contributions do not count towards your non-concessional contributions cap:

- personal injury payments (also known as [structured settlement contributions](#))
- contributions that you chose to count towards your [capital gains tax \(CGT\) cap](#) that have not exceeded your lifetime limit
- [downsizer contributions](#) from the proceeds of selling your home.
- re-contribution of COVID-19 early release superannuation amounts.

These types of contributions are only excluded if you meet all the conditions. You must specifically ask your fund to exclude them, by providing your fund with a relevant form before or when you contribute.

Government co-contributions are also not counted as non-concessional contributions. You don't have to take any action for these to be excluded.



## 18. Individuals with a defined benefit interest

If you're a member of a defined benefit fund, you are usually required to make contributions which impact your defined benefit interest. These will generally count towards your non-concessional contributions cap, even if your employer made the contributions on your behalf.

If you are uncertain about which contributions are non-concessional, you should contact your fund.

You may still have to make compulsory non-concessional contributions under an industrial or other workplace agreement, even if your non-concessional contributions cap is nil (because your total super balance is greater than or equal to the [general transfer balance cap](#) at 30 June of the previous financial year). In this scenario, these contributions:

- will be excess non-concessional contributions
- may not be able to be released, depending on the rules of your fund.

If your total super balance is less than the general transfer balance cap these compulsory contributions will:

- not necessarily mean you will exceed your non-concessional cap
- may limit your ability to make other non-concessional contributions without having to pay extra tax.

If you have excess contributions that cannot be released from any of your super funds you will be assessed for excess non-concessional contributions tax. You will need to pay this from your own money.

As defined benefit funds can have different rules, you will need to contact your fund to understand your options.

You may be able to avoid exceeding your non-concessional contributions cap by:

- stopping your contributions

- reducing your contribution rate
- making contributions under a salary sacrifice arrangement so they become concessional contributions. This will need your employer's approval.
- You will need to carefully consider the impact of reducing these contributions to nil or below certain thresholds as advised by your fund, as this may impact your:
  - defined benefit
  - other benefits offered by your fund, such as insurance.

You will also need to carefully consider the consequences of making these contributions as [salary sacrifice contributions](#) as they may result in you exceeding your concessional contributions cap.

For information on unfunded defined benefits see [contributions to an unfunded defined benefit fund – non-concessional contributions](#).

See also [Effect of not releasing your excess concessional contributions from super](#).

### Example: Excess non-concessional contributions and defined benefit funds

Chris' total super balance at 30 June 2019 is \$1.65 million. This reduces his non-concessional contributions cap for 2019–20 to nil.

However, Chris is a member of a defined benefit fund and it is mandatory for him to make non-concessional contributions to his super fund during 2019–20. As Chris has a nil non-concessional contributions cap, all the mandatory contributions will be excess non-concessional contributions.

We receive:

- Chris' individual tax return on 25 September 2020
- his fund's annual contribution reporting on 30 October 2020.

We issue Chris with an excess non-concessional

contribution determination.

Chris makes an election to release the excess amount from his only fund. However, Chris' fund does not release the amount because he is a member of a defined benefit fund and his fund does not have to action the release authority.

We:

- notify Chris that the excess could not be released
- issue an excess non-concessional contributions tax assessment.

Chris now has 21 days to pay this liability from his own sources.

### **Example: Excess concessional and excess non-concessional contributions and defined benefit funds**

Andrew is a member of a defined benefit fund. His employer makes contributions on his behalf. These contributions are normally non-concessional contributions however, Andrew has arranged for these contributions to be salary sacrificed as concessional contributions.

During 2017-18, Andrew's concessional contributions exceed his cap by \$5,000. Andrew receives an excess concessional contributions determination but does nothing. He leaves his excess concessional contributions in super.

Andrew is subject to the top marginal tax rate in 2017-18. Therefore, his excess concessional contributions are taxed at 47% (including the Medicare levy). Andrew receives an offset of 15% for the concessional contributions tax.

Because Andrew's total super balance at 30 June 2017 was greater than \$1.6 million his non-concessional contributions cap for 2017-18 is nil. This means Andrew's excess concessional contributions are also excess non-concessional contributions.

Andrew can't release the excess non-concessional

contributions amount because he is a member of a defined benefit fund. Therefore, Andrew must pay excess non-concessional contributions tax of 47%. This is in addition to the 47% income tax paid on the same contributions when they were excess concessional contributions. This means 94% tax has been paid on these contributions.

In this case, Andrew's decision to enter into a salary sacrifice arrangement for his compulsory employer contributions resulted in the contributions being taxed at 94%. If Andrew had not made this arrangement, the same contributions would have been taxed as excess non-concessional contributions only at 47%.

This example shows why it is important to carefully consider how you make extra super contributions.



## 19. Compensation and your non-concessional contribution cap

The [Super contribution caps fact sheet](#) for individuals explains the impact on your contribution caps if amounts of compensation are received from financial service providers by your super fund.

It explains the impact on your concessional and/or non-concessional super contribution caps where an amount of compensation is received by your super fund and allocated to your account.

It also explains how you may apply to the ATO to request the Commissioner exercise discretion to [disregard or reallocate your contributions](#) where you have or will exceed your concessional or non-concessional contribution caps.

Your super fund may receive compensation from a financial services provider due to the provision of inappropriate financial advice or where fees were paid but no advice provided. The compensation may include an amount reflecting a refund or reimbursement of adviser fees and/or an amount to compensate for lost earnings. It may also include an interest component.

Whether the compensation is a contribution and therefore counted towards your contribution caps will depend on the circumstances in which the compensation is received, including:

- where your super fund engaged the financial service provider and has a right to compensation
- where you personally engaged the financial services provider and you have a right to compensation
- where there is no right to compensation.

The compensation will be a non-concessional contribution in the financial year it is received by the fund, if it has been paid to your super fund and allocated to your account and one of the following circumstances applies:

- the compensation was paid to you and you subsequently contributed it as a personal contribution to your super fund, or
- you directed the financial service provider to pay the compensation that was payable to you into your super fund.

However, it will be a concessional contribution to the extent that it is covered by a valid and acknowledged notice of intent to claim a deduction and is allowable as a deduction.

See also

- [Request to disregard or reallocate your contributions](#)

## 20. Timing of contributions

When working out your super contributions for the financial year, remember that contributions only count when the payment is received by your fund, not when the payment is sent.

Make sure your fund receives all your contributions by 30 June, if that is what you intend.

It's important to keep track of:

- the amount of contributions
- when they are received by your super fund.

This can help you avoid exceeding the non-concessional contributions cap and paying extra tax.

## 21. Self-managed super fund members

If you are a member of a self-managed superannuation fund (SMSF) you may be able to make a non-concessional contribution in one financial year and have it count towards your non-concessional contributions cap in the following financial year. You and your SMSF will need to meet several conditions.

If you want this to happen, you will need to let us know by either:

- lodging information through Online services for agents or Online services for business (your agent may lodge this for you)
- writing to us at

Australian Taxation Office

GPO Box 9990

YOUR CAPITAL CITY STATE POSTCODE

Note: You cannot use the Request to adjust concessional contributions form for non-concessional contributions. However, the form does provide details of the conditions and the information you need to provide to us

## 22. Working out your non-concessional contributions cap

The annual non-concessional contributions cap is currently \$110,000.

This cap can increase due to indexation. We will update this information if it does.

**Table 2: non-concessional contributions caps from 2013–14 onwards**

Financial year	Non-concessional cap
2021–22	\$110,000
2020–21	\$100,000
2019–20	\$100,000
2018–19	\$100,000
2017–18	\$100,000
2016–17	\$180,000
2015–16	\$180,000
2014–15	\$180,000
2013–14	\$150,000



## 23. Your own non-concessional cap may be higher or lower

If your total super balance is greater than or equal to the general transfer balance cap (\$1.6 million from 2017-21; \$1.7 million from 2021-22) at the end of the previous financial year, your non-concessional contributions cap is nil (\$0) for the financial year.

Your non-concessional contributions cap can be changed if you are eligible for the bring-forward arrangement. This arrangement allows you to bring forward the equivalent of 1 or 2 years of your annual cap from future years. This means you can make contributions up to 2 or 3 times the annual cap amount over the bring-forward period.

### Next step

- Check out how much you have contributed into your super fund to make sure you don't exceed your contribution caps. You can check these contributions on ATO online services, phone us on 13 10 20 or contact your super fund.

## 24. Bring-forward arrangements

If you make contributions above the annual non-concessional contributions cap you may be eligible to automatically gain access to future year caps. This is known as the bring-forward arrangement. It allows you to make extra non-concessional contributions without having to pay extra tax.

Eligibility for the bring-forward arrangement depends on your:

- age
- total super balance on 30 June of the previous financial year.

## 25. Age

### ❖ 1 July 2008 – 30 June 2020

If you are under 65 years of age at any time in a financial year, you may be able to make non-concessional contributions of up to 3 times the annual non-concessional contributions cap in that financial year.

If you are 65 years old or older on 1 July, you cannot access the bring-forward arrangement in that financial year. You need to meet conditions for certain types of contributions to be accepted by your super fund, including satisfying the [work test](#) or [work test exemption](#) (from 1 July 2019).

### ❖ 1 July 2020 - 30 June 2022

If you are under 67 years of age at any time in a financial year, you may be able to make non-concessional contributions of up to 3 times the annual non-concessional contributions cap in that financial year.

If you are 67 years old or older on 1 July, you cannot access the bring-forward arrangement in that financial year. You need to meet conditions for certain types of contributions to be accepted by your super fund, including satisfying the [work test](#) or [work test exemption](#).

If you are 67 years or older you need to meet conditions for certain types of contributions to be accepted by your super fund, including satisfying the [work test](#) or [work test exemption](#).

If you are 75 years or older your fund may only be able to accept employer contributions and [downsizer contributions](#).

### ❖ 1 July 2022 and later years

If you are under 75 years of age at any time in a financial year you may be able to make non-concessional contributions of up to three times the annual non-concessional cap in that financial year.

If you are 75 years or older your fund may only be able to accept employer contributions and [downsizer contributions](#).

For more information, see [acceptance of member contributions and work test](#).

### Example: Eligible for the bring-forward arrangement

Bernard is 74 years old on 1 July 2022. His non-concessional contributions cap for 2022-23 is \$110,000. His total super balance at 30 June 2022 is \$800,000.

Bernard's age makes him eligible for the bring-forward arrangement.

During the financial year he made the following non-concessional contributions to his super fund:

- \$75,000 in October 2022
- \$75,000 in April 2023.

Bernard has triggered the bring forward arrangement.

## 26. Total super balance

From 1 July 2017, your [total super balance](#) affects:

- the non-concessional contributions cap amount that you can bring-forward
- whether you have a 2-year or 3-year bring-forward period.

Your total super balance is determined at the end of 30 June of the financial year before the year in which you made the contributions that triggered the bring-forward.

For the 2022-23 financial year and later years, to access the non-concessional bring-forward arrangement you must meet all these conditions. You:

- **are under 75 years old for at least one day during the triggering year (the first year)**

- contribute more than the annual cap (\$110,000 from 2021-22)
- are not already in an active bring-forward period
- have a total super balance at the end of 30 June of the previous financial year that
  - ◇ is less than the general transfer balance cap (\$1.7 million from 2021-22) For example, for 2020-21 your total super balance at the end of 30 June 2020 must be less than \$1.5 million
  - ◇ has a capacity greater than the annual non-concessional contributions cap (\$110,000 from 2021-22)

For the 2020-21 and 2021-22 financial years, to access the non-concessional bring-forward arrangement you must meet all these conditions. You:

- are under 67 years old for at least one day during the triggering year (the first year)
- contribute more than the annual cap (\$100,000 from 2017-18; \$110,000 from 2021-22)
- are not already in an active bring-forward period
- have a total super balance at the end of 30 June of the previous financial year that
  - ◇ is less than the general transfer balance cap (\$1.6 million from 2017-18; \$1.7 million from 2021-22)
  - ◇ has a capacity greater than the annual non-concessional contributions cap (\$100,000 from 2017-18; \$110,000 from 2021-22). For example, for 2020-21 your total super balance at the end of 30 June 2020 must be less than \$1.5 million.

For the 2019-20 financial year and earlier years, the age condition was 65 years of age.

Note: A change to the age restriction for the bring forward arrangement is currently before Parliament. If passed, this law would change the age restriction to be 66 years or younger for 2020-21 and later financial years.



Once a bring-forward arrangement is triggered in a financial year your non-concessional contributions made over the next 1 or 2 years cannot be more than the sum of your increased bring-forward non-concessional contributions cap amount minus the non-concessional contributions made in the year the bring-forward was triggered.

For example, if you used your total increased bring-forward cap in the first year, you would have a nil cap for the next 2 years.

For 2017-18 onwards, the remaining cap amount for the second or third year of a bring-forward arrangement is reduced to nil for a financial year if your total super balance is greater than or equal to the general transfer balance cap at the end of 30 June of the previous financial year.

## 27. How the bring-forward arrangement works

### From 1 July 2021

The amount of the non-concessional contributions cap you can bring forward is either:

- 3 times the annual non-concessional contributions cap over 3 years (that is, \$330,000) if your total super balance on 30 June of the previous financial year is less than \$1.48 million
- 2 times the annual cap over 2 years (that is, \$220,000) if your total super balance on 30 June of the previous financial year is above \$1.48 million and less than \$1.59 million
- nil (\$0) if your total super balance is \$1.59 million or above.

These limits are based on the:

- non-concessional contribution cap of \$110,000
- total super balance in relation to the general transfer balance cap of \$1.7 million.

The following table represents the bring-forward arrangement for the first year.

**Table 3: Bring-forward period**

Total super balance on 30 June of previous year	Non-concessional contributions cap for the first year	Bring-forward period
Less than \$1.48 million	\$330,000	3 years
\$1.48 million to less than \$1.59 million	\$220,000	2 years
\$1.59 million to less than \$1.7 million	\$110,000	No bring-forward period, general non-concessional contributions cap applies
\$1.7 million or more	nil	Not applicable

**From 1 July 2017 to 30 June 2021**

The amount of the non-concessional contributions cap you can bring forward is either:

- 3 times the annual non-concessional contributions cap over 3 years (that is, \$300,000) if your total super balance on 30 June of the previous financial year is less than \$1.4 million
- 2 times the annual cap over 2 years (that is, \$200,000) if your total super balance on 30 June of the previous financial year is above \$1.4 million and less than \$1.5 million
- nil (\$0) if your total super balance is \$1.5 million or above.

These limits are based on the:

- non-concessional contribution cap of \$100,000
- total super balance in relation to the general transfer balance cap of \$1.6 million.

The following table represents the bring-forward arrangement for the first year.

**Table 4: Bring-forward period (2017–21)**

<b>Total super balance on 30 June of previous year</b>	<b>Non-concessional contributions cap for the first year</b>	<b>Bring-forward period</b>
Less than \$1.4 million	\$300,000	3 years
\$1.4 million to less than \$1.5 million	\$200,000	2 years
\$1.5 million to less than \$1.6 million	\$100,000	No bring-forward period, general non-concessional contributions cap applies
\$1.6 million or more	nil	Not applicable

Once you trigger the bring-forward arrangement in a year, any change to the non-concessional contributions cap for the bring-forward period doesn't apply to you. The bring-forward cap amount is set based on the cap in the first year of the period.

For example, if the non-concessional contributions cap in the second and third year of a bring-forward period changed to \$110,000 due to indexation, your

non-concessional cap will still be \$300,000 (\$100,000 × 3 years) and not \$320,000 (\$100,000 + \$110,000 + \$110,000).

Note: To make sure you don't accidentally trigger the bring-forward arrangement, you will need to take into account all your non-concessional contributions made to all your super funds. Unreleased excess concessional contributions also count towards the non-concessional contributions cap.

See also [Indexation of the general transfer balance cap](#).



### Example: Trigger bring-forward arrangement

Sandra is 53 years old and has a total super balance of \$1.42 million as at 30 June 2018. She contributes \$150,000 non-concessional contributions to her super fund during 2018-19.

These contributions trigger the bring-forward arrangement because they are more than the cap of \$100,000.

As Sandra's total super balance is between \$1.4 million and \$1.5 million, she has a 2-year bring-forward period (2018-19 and 2019-20) with a cap of \$200,000.

Sandra can contribute an extra \$50,000 (\$200,000 minus \$150,000) non-concessional contributions in 2019-20 without exceeding her cap.

However, if her total super balance reaches \$1.6 million or more on 30 June 2019, her cap for 2019-20 will be nil and any non-concessional contributions made in that year will be excess non-concessional contributions.

### Example: A single contribution

Alan is 60 years old and has a total super balance of \$1.3 million as at 30 June 2019. He makes a single non-concessional contribution of \$300,000 to his super fund in 2019-20. This triggers the bring-forward arrangement as it exceeds the annual non-concessional contributions cap of \$100,000.

As Alan's total super balance is less than \$1.4 million, he has a 3-year bring-forward period (2019-20 to 2021-22) with a cap of \$300,000.

Therefore, Alan can't make any more non-concessional contributions in 2020-21 or 2021-22 without exceeding the cap as his remaining cap is nil (\$300,000 minus \$300,000).

Example: Effect on the following year

Austin is 42 years old and has a total super balance of less than \$1.4 million on 30 June 2018. In 2018-19,

he makes non-concessional contributions of \$100,000.

Austin forgot that \$2,000 in non-concessional contributions are automatically direct-debited into his fund from his bank account each year. As a result, Austin made \$102,000 of non-concessional contributions for 2018-19. This triggers the bring-forward arrangement.

As Austin's total super balance is less than \$1.4 million, he has a 3-year bring-forward period (2018-19, 2019-20 and 2020-21) with a cap of \$300,000.

In 2019-20, Austin contributes a further \$300,000. Austin's non-concessional cap for 2019-20 was \$198,000 (\$300,000 minus \$102,000). This means he made excess contributions of \$102,000 in 2019-20 (\$300,000 minus \$198,000).

### Example: Re-contribution strategy

John is 61 years old and in 2018-19 he makes a personal non-concessional contribution of \$200,000 to his super fund.

As John's total super balance is less than \$1.4 million on 30 June 2019, this triggers a 3-year bring-forward period (2018-19 to 2020-21) with a non-concessional cap of \$300,000.

John now has \$100,000 remaining non-concessional cap space for 2019-20 and 2020-21.

In 2019-20, John is dissatisfied with the return on his super investments and decides to withdraw \$300,000 of his super benefits to reinvest in a fixed-term deposit.

In 2020-21, John decides to re-contribute the term deposit amount of \$300,000 to his super fund. John's total super balance on 30 June 2020 is less than \$1.6 million.

Because this will be counted as a new non-concessional contribution, John will exceed his non-concessional cap by \$200,000 (\$300,000 minus \$100,000).

## 28. How to view your bring-forward arrangement

You should check your ATO online services account:

- to see if you have triggered a bring-forward arrangement
- if you are considering making a large contribution.

Log in to ATO online services, select Super, then navigate to Bring-forward arrangement.

Be aware that the latest information may not be available in ATO online services due to the reporting timeframes of funds, especially SMSFs. You can check with your super fund to get the most up to date information.

Next steps

- [New ATO online services users – Get started with myGov and ATO online services](#)
- [Existing ATO online services users – ATO online services](#)[External Link](#)

## 29. Transitional period

If you triggered the bring-forward arrangement in 2015-16 or 2016-17, but you did not fully use your remaining bring-forward balance before 1 July 2017, there are transitional arrangements that apply. This means that the maximum amount of bring-forward amount available to you reflect the reduced annual non-concessional contributions caps.

If the bring-forward arrangement was triggered in:

- 2015-16, the transitional cap was \$460,000 (\$180,000 for 2015-16, \$180,000 for 2016-17 and \$100,000 for 2017-18).
- 2016-17, the transitional cap was \$380,000 (\$180,000 for 2016-17 and \$100,000 for 2017-18 and \$100,000 for 2018-19).

For 2017-18 and 2018-19, the remaining cap amount for the second and third years of a bring-forward arrangement were reduced to nil for a financial year if your total super balance was greater than or equal to the general transfer balance cap at the end of 30 June of the previous financial year.

**Table 5: Transitional contributions cap limits for 2014-15 to 2018-19**

3-year bring-forward cap amounts	2014-15 to 2016-17	2015-16 to 2017-18	2016-17 to 2018-19
Range	\$0 to \$540,000	\$0 to \$460,000	\$0 to \$380,000

If, before 1 July 2017, you made non-concessional contributions of more than the transitional cap but less than \$540,000, you will not have exceeded your non-concessional bring-forward cap. However, you cannot contribute any further non-concessional contributions under the bring-forward arrangement in remaining years.

If, after 1 July 2017, you make non-concessional contributions that are more than your transitional cap, you will have exceeded your non-concessional contributions bring-forward cap.

### Example: Bring-forward transitional period – cap fully used in 2016-17

In 2016-17, John contributes \$540,000 non-concessional contributions and triggers the bring-forward arrangement.

From 1 July 2017, the general non-concessional contributions cap reduced from \$180,000 to \$100,000. This reduces John’s 3-year bring-forward cap to \$380,000 (\$180,000 for 2016-17, \$100,000 for 2017-18 and \$100,000 for 2018-19).



Although John's non-concessional contribution of \$540,000 would exceed this new bring-forward cap, because his contribution was made before 1 July 2017, he would not be deemed to be in excess of his non-concessional bring-forward cap.

However, John will not be able to make any extra non-concessional contributions under the bring-forward arrangement in 2017-18 and 2018-19.

### Example: Bring-forward transitional period

In 2016-17, Barry contributes \$200,000 non-concessional contributions and triggers the bring-forward arrangement.

From 1 July 2017, the general non-concessional contributions cap reduced from \$180,000 to \$100,000. This reduced Barry's 3-year total bring-forward cap to \$380,000 (\$180,000 for 2016-17, \$100,000 for 2017-18 and \$100,000 for 2018-19).

Barry's remaining bring-forward cap balance is now \$180,000 (\$380,000 minus \$200,000).

The amount that Barry can contribute in 2017-18 and 2018-19 will now depend upon his total super balance at the end of 30 June 2017 and 30 June 2018.

At the end of 30 June 2017, Barry's total super balance is \$1.3 million. Therefore, he is still eligible to make non-concessional contributions in 2017-18.

On 10 November 2017, Barry makes non-concessional contributions of \$150,000.

Barry's remaining bring-forward cap balance for 2018-19 would be \$30,000. However, due to growth in the fund, Barry's total super balance at the end of 30 June 2018 is over \$1.6 million. Therefore, Barry's non-concessional cap for 2018-19 is now nil (based on the general transfer balance cap for 2018-19 being \$1.6 million).

If Barry makes any non-concessional contributions in 2018-19 he will exceed his non-concessional contributions cap.

## 30. If you exceed your non-concessional contributions cap

For most people the non-concessional contribution cap (limit) is \$110,000 per financial year (from 1 July 2021).

To work out if you have exceeded the non-concessional contributions cap, we assess the information reported to us by your super fund and in your return (if you lodged it) and consider your age (date of birth).

You must not apply to your super fund to release an amount relating to exceeding your cap. You must wait until we have sent you your determination letter and you have selected your option for paying the tax. We will then send your fund a release authority.

If you exceed your non-concessional contributions cap:

- we will send you a determination which explains your options
- you must lodge a tax return for that year. If you can't lodge your tax return by the due date, and you don't want us to issue a determination before you lodge, you will need to request a lodgment deferral
- we will manage the release of money from your super
- you may need to pay extra tax.

On this page

- [Your options if you exceed the cap](#)
- [Special circumstances](#)
- [How to make an election](#)
- [Tips to help you avoid exceeding the non-concessional contributions cap](#)

### 31. Your options if you exceed the cap

You have 60 days to elect one of the 2 options for paying your tax when you receive our determination letter.

You cannot change your election decision once you make it.

If you believe the ENCC determination is wrong, see [If the information used for excess contributions is wrong](#).

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#### You have 2 election options when you receive your determination letter

Option	Tax	Taxable income
<p>Option 1</p> <p>With <a href="#">Option 1</a> you release both:</p> <p>the entire excess contributions amount from your super</p> <p>85% of the associated earnings (this is an amount calculated by us to approximate the amount earned from the excess contributions while in the fund.</p> <p>We will add the full amount of associated earnings to your assessable income and give you a 15% tax offset.</p> <p>We will issue you with an amended notice of assessment.</p> <p>A change in your assessable income may impact government benefits or payments you receive or make (e.g. childcare subsidy).</p> <p>You need to <a href="#">make an election</a> choosing Option 1 to release.</p>	<p>May pay tax on your associated earning at your marginal tax rate, including Medicare levy.</p>	<p>Increases</p>



<p>Option 2</p> <p>With <u>Option 2</u>, you:</p> <ul style="list-style-type: none"><li>do not release an amount in relation to the excess re assessed for excess non-concessional contributions tax.</li><li>You choose to leave the excess contributions and associated earnings in your super.</li><li>We will send you a notice of assessment taxing you on your entire excess non-concessional contributions at the 47% tax rate.</li><li>This tax will need to be paid from your super. We will send a release authority to your fund to release your tax amount and pay it to us.</li><li>You need to <u>make an election</u> choosing Option 2 if you want the tax to be paid from your super.</li><li>If you are with a defined benefit fund, making an election and choosing Option 2 is the only option available to you. Your tax will need to be paid from your own pocket.</li><li>If you are required to pay an excess non-concessional contributions tax liability on this assessment notice from your own funds - rather than from your super fund under a release authority - you will not be required to release this amount from your super fund in the future.</li></ul>	<p>Pay 47% tax on the entire excess non concessional contributions.</p>	<p>No change</p>
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**Other scenarios**

Scenario	Tax	Taxable income
<p>If you don't make your election, we will act on your behalf.</p> <p>If we don't hear from you within 60 days of sending you a Determination letter, we will default you to Option 1 as this attracts the least amount of tax.</p> <p>If your super fund does not allow this, we will proceed with Option 2.</p> <p>You must <u>make an election</u> if you want:</p> <ul style="list-style-type: none"> <li>to choose which super fund to release the money from</li> <li>this process to commence earlier.</li> </ul>	<p>Option 1: May pay tax on your associated earning at your marginal tax rate, including Medicare levy.</p> <p>Option 2: Pay 47% tax on the entire excess non concessional contributions.</p>	<p>Option 1: May pay tax on your associated earning at your marginal tax rate, including Medicare levy.</p> <p>Option 2: Pay 47% tax on the entire excess non concessional contributions.</p>
<p>If we assess you have no money left in super, including pensions or interests in defined benefit funds, we will send you a Direction letter confirming this.</p> <p>You don't have to release money from your super.</p> <p>We will add the full amount of associated earnings to your assessable income and give you a 15% tax offset.</p> <p>We will issue you with an amended notice of assessment.</p> <p>A change in your assessable income may impact government benefits or payments you receive or make (e.g. childcare subsidy).</p>	<p>You may pay tax on your associated earnings at your marginal rate, including Medicare levy.</p>	<p>Taxable income increases</p>



## 32. Associated earnings rate (for excess non-concessional contributions)

Individuals have the option of electing to release non-concessional superannuation contributions made from 1 July 2013 which are in excess of the non-concessional contributions cap for 2013-14 and future income years.

An associated earnings amount is calculated to approximate the amount earned while excess non-concessional contributions were held in the superannuation fund. This is included in the individual's assessable income.

**Table 5: Associated earnings rates**

Income year	Annual rate	Associated earnings rate / daily rate
2020-21	7.06%	0.01934247%
2019-20	8.08%	0.02207650%
2018-19	8.96%	0.02454795%
2017-18	8.73%	0.02391780%
2016-17	8.83%	0.02419178%
2015-16	9.20%	0.02513661%
2014-15	9.61%	0.02632876%
2013-14	9.66%	0.02646575%

### Example: ENCC determination letter received

For 2018-19, Reginald's total superannuation balance was \$1,704,861.82. This means his non-concessional cap was \$0.

Reginald makes a personal contribution of \$100,000. This means he exceeded his non-concessional contribution cap by \$100,000.

Reginald must not apply to his super fund to release any amount relating to exceeding his cap from his fund. He must wait until we have sent him his determination and he has selected his option to pay tax. We will then manage the required release by sending his fund a release authority.

We send him a Determination letter on 15 November 2019 outlining the following information:

Total superannuation balance as at 30/6/2018	\$1,704,861.82
Non-concessional contribution cap	\$0.00
Non-concessional contributions	\$100,000.00
Excess non-concessional contributions (ENCC) for this determination	\$100,000.00
Excess non-concessional contributions tax (Option 2)	\$47,000.00
Associated earnings amount	\$ 13,140.00

Associated earnings period	1 July 2018 to 15 November 2019
Associated earnings rate	8.96%
85% of associated earnings amount	\$11,169.00
Amount to be released from your super fund(s) under Option 1 (\$100,000 + (85% × \$13,140))	\$111,169.00

The amounts Reginald would pay under the options are as follows.

Option 1: Reginald chooses to release excess from his super fund

Reginald received an ENCC determination for the 2018-19 income year with the following information:

- ENCC of \$100,000
- Associated earnings of \$13,140
- Amount to be released from his fund under Option 1 is \$111,169.

Reginald goes to ATO Online via myGov and makes a valid election choosing Option 1 to:

- release the amount of \$111,169 from his fund
- be taxed on his associated earnings in his income tax return at his marginal tax rate.

The associated earnings of \$13,140 are included in his assessable income for the 2018-19 income year. He also receives a tax offset of \$1,971 (\$13,140 × 15%). Reginald is sent an amended notice of assessment.

The ATO sends Reginald's fund a release authority to release \$111,169 from his fund and pay it to the ATO. When we receive this amount, we offset any applicable ATO or Commonwealth debts from this amount then refund the balance to Reginald.

Option 2: Reginald chooses to not release an amount in relation to the excess and chooses to be assessed for excess non-concessional contributions tax.

Reginald goes to ATO Online via myGov and elects Option 2

Note: Reginald must select this option if his only superannuation interest is held in a defined benefit

fund, and the fund cannot or will not voluntarily release from it.

We will send Reginald an ENCC tax assessment for \$47,000.

We will also issue his super fund with a release authority to pay the ENCC tax liability amount to us.

If Reginald's only fund is a defined benefit fund which will not accept release authorities, then he will need to pay us the \$47,000 from his own pocket.

If Reginald is required to pay an excess non-concessional contributions tax liability on his assessment notice from his own funds – rather than from his super fund under a release authority – he will not be required to release this amount from his super fund in the future.

Other option: Reginald does not make his election within 60 days of receiving his determination:

We default Reginald to option 1, unless his super fund does not allow the excess non-concessional contributions to be released. In that situation, we will proceed with option 2. We will send Reginald an ENCC tax assessment for \$47,000.

End of example

Find out about

- [Option 1 – release the excess from your super funds](#)
- [Option 2 – release no amount in relation to the excess and be assessed for excess non-concessional contributions tax](#)



## Option 1 – release the excess from your super funds

You can elect to release all your excess non-concessional contributions plus 85% of your associated earnings from your super funds.

If you do, we will amend your income tax assessment to include:

- your associated earnings in your taxable income
- a non-refundable tax offset of 15% of the associated earnings.

You pay tax on associated earnings at your marginal tax rate.

Your taxable income may increase. This could affect any income support payments, child support or Centrelink benefits.

### ❖ How this option works

- Go to ATO Online via myGov or use the Excess non-concessional contributions election form to tell us you choose Option 1 and which super funds you wish to release the money from
- We will
  - ◇ ask your super fund to release excess amounts and associated earnings to us within 10 business days
  - ◇ amend your income tax assessment and issue with an amended notice of assessment
  - ◇ pay your tax and/or other Australian Government debts owing
  - ◇ refund the balance to you.

If a fund is not able to release all or part of the elected amount, we will let you know. You will have another 60 days to make a new election for another fund.

### ❖ What happens if full amount cannot be released

If your only remaining super interest is in a defined benefit fund and that fund cannot or will not release the amount, you can lodge an election for Option 2 to initiate the issuing of the ENCC tax assessment.

We will then:

- send you an ENCC tax assessment. The excess non-concessional contributions will be taxed at the highest marginal tax rate plus Medicare Levy
- issue your super fund with a release authority to pay the ENCC tax liability amount to us within 10 business days. If your fund is unable to release some or all of the amount you will need to pay the liability from your own sources
- amend your income tax assessment to remove or reduce the associated earnings.
- If you have no money left in super (including income streams or defined benefit interests) we will:
  - send you a letter telling you that you don't need to release any amount
  - still include the associated earnings in your income tax assessment.

### ❖ Associated earnings

Associated earnings are an amount calculated to approximate the amount earned from the excess contributions while they were in your super fund.

How associated earnings are calculated

The associated earnings amount is calculated using 3 key elements:

- your excess non-concessional contributions (ENCC)
- the associated earnings rate – this is the average of the general interest charge rates for the 4 quarters of the financial year in which the ENCCs were made. This proxy rate may be more

or less than the earnings rate applied by your super fund.

- the associated earnings period – This is from 1 July of the financial year in which the ENCCs were made through to the date of the original ENCC determination letter.

The associated earnings rate is applied to the ENCC amount on a daily compounding basis for the length of the associated earnings period.

We do not have discretion to change the associated earnings rate or period.

### Effect on your assessable income

When the associated earnings amount is included in your assessable income, the increase may have flow-on effects for a range of government income tests used for calculating offsets, surcharges, benefits and payments, such as:

- child support
- Centrelink benefits
- super co-contributions
- Medicare levy surcharge
- Division 293 tax
- eligibility for pay as you go instalments.

### Option 2 – release no amount in relation to the excess and be assessed for excess non-concessional contributions tax

If you elect to leave the ENCC in your super funds you will receive an ENCC tax assessment. The excess amount is taxed at the highest marginal tax rate plus Medicare levy.

**Table 7: ENCC tax rate**

Financial year	ENCC tax rate
2021-22	47.0%
2020-21	47.0%
2019-20	47.0%
2018-19	47.0%

We will:

- send you an ENCC tax assessment
- issue your super fund with a release authority to pay the ENCC tax liability amount to us within 10 business days.

If your only fund is a defined benefit fund which is unable or unwilling to release this amount, you will need to pay us the amount yourself.

For more information, see excess contributions tax and how funds report your contributions.

### ❖ If you don't make a request within 60 days of receiving your determination

If we don't receive your request, we will:

- ask your super fund to release excess contributions and 85% of the associated earnings to us within 10 business days of our request to the fund
- amend your income tax assessment
- pay your tax and/or other Australian Government debts owing
- refund the balance to you
- issue you with an updated income tax notice of assessment.

### Special circumstances

If you exceed your non-concessional contributions cap due to special circumstances, you can apply to the Commissioner for a determination. The Commissioner may make a determination that some or all your contributions are disregarded or allocated to another year.

### Applying to have contributions disregarded or reallocated

Complete and send us the Application – excess contributions determination (NAT 71333) form.

Note: You don't have to use our form. You can send us a written statement, but it must include all the information we request in our form.



After completing your application or written statement, either:

- fax it to 1300 669 846
- lodge through Online services for business or Online Services for agents (your agent can lodge this for you)
- mail it to us at

Australian Taxation Office  
PO Box 3100  
PENRITH NSW 2740

### 33. Total superannuation balance

Your total super balance (TSB) is a way to value your superannuation interests in all your super funds. It is calculated on a given date, usually 30 June (the end of the financial year).

Your total super balance:

- may be different from your super fund account balance as the calculation includes figures that do not form part of your account balance
- includes all your super interests and is not a separate figure for each interest
- may be relevant if you are a member of a self-managed superannuation fund (SMSF).

From 30 June 2017, your TSB is used to determine whether you are eligible for several super-related measures for the following financial year.

Some of these super-related measures set the limit for the total super balance as being equal to the general transfer balance cap (\$1.6 million from 2017-18; \$1.7 million from 2021-22).

You need to comply with these separate limits – for both the general transfer balance cap and the total super balance – from 1 July 2017.

For more information, see [difference between general transfer balance cap and total superannuation balance](#).

On this page

- [How your total super balance is calculated](#)
- [Super-related measures affected by your total super balance](#)
- [How to find your total super balance](#)

### 34. How your total super balance is calculated

Your total super balance at a particular time is calculated by:

- adding
  - ◇ the [accumulation phase value](#) of your super interests that are not in the retirement phase
  - ◇ the [retirement phase value](#) of your super interests
  - ◇ the amount of each [roll-over super benefit](#) not already included in the accumulation phase value or the retirement phase value. This is rollovers that are in transit between super funds on 30 June.
  - ◇ the [outstanding limited recourse borrowing arrangement \(LRBA\) amount](#) in an SMSF or small APRA fund you entered into from 1 July 2018, if either
    - the LRBA is with an associate of the fund
    - you have satisfied a condition of release with a nil cashing restriction
- subtracting
  - ◇ any personal injury or [structured settlement contributions](#) that have been paid into your super funds.

For more information, see:

- [LCR 2016/12 Superannuation reform: Total Superannuation balance](#)
- [Structured settlements – information for injured people](#)

### ❖ Accumulation phase value

The accumulation phase value (APV) of your super interests is the total amount of super benefits that would be payable if you had chosen to close a super interest at the time of calculation. Generally, this is the withdrawal value for an accumulation fund.

The APV does not include super interests that are in the retirement phase.

If you have a defined benefit interest, the super regulations may specify a different method for determining the APV.

The APV also includes:

- certain deferred super income streams
- transition-to-retirement income streams that are not in the retirement phase
- super income streams that have not complied with the pension or annuity standards or a commutation authority.

Your APV for a super interest is reported to us by your super fund annually in either the:

- SMSF annual return
- member account transaction service (MATS) for APRA-regulated funds.

Some super funds may report your APV as zero if, as at 30 June, the amount they could pay to you or roll over to another fund is zero.

### ❖ Retirement phase value

If you have a transfer balance account, your retirement phase value (RPV) is your transfer balance at the end of 30 June.

Your transfer balance is modified if you have either:

- one or more certain account-based super income streams
- made structured settlement contributions to your super fund.

We obtain your RPV for a super interest from either the:

- balance of your transfer balance account
- amounts reported to us by each of your super funds annually in either the
  - ❖ SMSF annual return
  - ❖ member account transaction service (MATS) for APRA-regulated funds.

## 35. Account-based super income streams

For account-based super income streams, the transfer balance account items are modified to be the current value of the super interest that supports the super income stream at the end of the financial year. The current value is the amount that would become payable if you were to choose to close the interest.

If you only have account-based income streams, your RPV will normally equal the current value of these income streams.

For all other super income streams the transfer balance account items are not modified when calculating your RPV.

In addition, certain other transfer balance account items are not modified, for example:

- credits for excess transfer balance earnings
- debits for non-commutable excess amounts.



### 36. Structured settlement contributions

If you have made a structured settlement contribution to a super interest, your transfer balance is modified by disregarding the debit in your transfer balance account that is due to the structured settlement contribution. This modification applies to both account-based and non-account-based income streams.

[The LCR 2016/12 Superannuation reform: Total superannuation balance](#) explains and has examples of how modifications to the transfer balance account work.

### 37. Transitional period

Because the transfer balance cap and transfer balance account were only introduced on 1 July 2017, there are transitional arrangements for working out the RPV of your total super balance at the end of 30 June 2017.

Your transitional transfer balance at the end of 30 June 2017 is equal to the total transfer balance credits at 1 July 2017 minus any debits due to payment splits.

This is subject to the transfer balance modifications for account-based income streams.

More information is available in:

- [Transfer balance cap](#)
- [LCR 2016/9 Superannuation reform: Transfer balance cap](#)
- [LCR 2016/12 Superannuation reform: Total superannuation balance](#)

### 38. Outstanding limited recourse borrowing arrangement amount

A member of an SMSF will have an outstanding limited recourse borrowing arrangement (LRBA) amount included in their total super balance if:

- the LRBA was entered on or after 1 July 2018 and either
  - ◊ the LRBA is between the fund and an [associate](#) of the fund.
  - ◊ the member has met a [condition of release](#) with a nil cashing restriction.

This does not include refinancing an existing LRBA that was entered before 1 July 2018 and refinanced on or after 1 July, if both of the following apply:

- the new borrowing is secured by the same asset or assets as the old borrowing
- the refinanced amount is the same or less than the existing LRBA.

The LRBA amount is equal to the share of the outstanding balance of the LRBA on 30 June. This relates to your share of the total super interests in the SMSF that are supported by the LRBA assets.

If the fund in which you have a super interest has an affected LRBA the fund must report the outstanding LRBA amount for you in that member's section of the SMSF annual return.

For more information, see [outstanding LRBA amount for total superannuation balance](#).

Find out about

- [Super-related measures affected by your total super balance](#)
- [How to find your total super balance](#)

# APPENDIX A – CONCESSIONAL CONTRIBUTIONS SUSPENSE ACCOUNTS

## 1. Request to adjust concessional contributions

This form notifies us that you made concessional contributions in one financial year (year 1) but your self-managed superannuation fund (SMSF) did not allocate them to you until the next financial year (year 2).

Most SMSFs use provisions in their trust deeds concerning contribution reserves to enable this strategy. Typically, you will have made these arrangements to allow contributions to be recognised for income tax deductibility and other purposes in year 1 while not being counted towards your concessional contributions cap until year 2. Provided all the associated legal requirements are met, this is a valid strategy under the tax and super laws according to the view outlined in Taxation Determination TD 2013/22. Check you have met these requirements before proceeding to read our instructions and complete the form.

It is important that you use this form when you wish to apply this strategy effectively. The SMSF annual return (NAT 71226) does not otherwise make provision for it, only allowing for correct reporting of contributions that are both allocated by your SMSF and contributed in the same financial year. The information provided in this form allows us to adjust the contributions information provided in the SMSF annual return in order to correctly apply the concessional contributions cap for both years included in the strategy. The instructions for this form also provide instructions on how you, as a trustee, complete the SMSF annual return to correctly account for the contributions reported on this form.

## 2. How to obtain this form

You can download this form Request to adjust concessional contributions (NAT 74851, PDF, 691 KB), in portable document format (PDF) - [downloadThis link will download a file.](#)

## 3. Instructions

Read these instructions carefully, it is important that you provide all the information we ask for. If you do not, we may not be able to process the form.

## 4. Who should use this form?

You need to use this form if you are a member of a SMSF and need to notify us that you made concessional contributions in year 1, but your SMSF did not allocate them to you until year 2, so they are counted towards your concessional contributions cap in year 2.

## 5. When to use this form

This form applies to concessional contributions made from 1 July 2014.

You may use the form any time after the contributions have been both made and allocated. We recommend you lodge it with us before, or at the same time, as both the fund's SMSF annual return and your own individual income tax return are lodged. By following this recommendation you may avoid needing to deal with incorrect assessments.



## 6. What records do you need to keep?

As for other transactions you enter into as an SMSF member and trustee, you will need to keep records to support your statements in this form. The following are some examples:

- a resolution by trustees in year 1 in accordance with the SMSF's governing rules not to allocate the contribution when it is made but to accept it into a reserve
- evidence of receipt of the contribution by the SMSF
- a resolution by trustees to allocate the contribution from the reserve in year 2
- documentation in relation to any deductible personal contributions (notices and acknowledgements).

## 7. Circumstances not covered by this form

For concessional contributions made for the 2013-14 income year, you will need to write to us and ask for an amendment, telling us:

- details of the financial years in which concessional contributions will be adjusted
  - ◇ year 1 – the financial year in which the contributions were made to the SMSF but not allocated to you
  - ◇ year 2 – the financial year in which the contributions were allocated to you by the SMSF's trustees
- details of concessional contributions to be adjusted
  - ◇ personal contributions – the amount of the personal contributions you made to the SMSF in year 1, which were not allocated until year 2, and for which you will be claiming a tax deduction in year 1
  - ◇ employer contributions – the amount of the employer contributions, including salary sacrifice contributions, your employer made to the SMSF in year 1 and which were not

allocated to you until year 2.

This form cannot be used by a SMSF member using the reserve strategy for non-concessional contributions. If this or any other circumstances are not covered by this form apply to you, you can do either of the following:

- If you have special circumstances and would like us to consider disregarding or reallocating your concessional contributions use [Application - excess contributions determination \(NAT 71333\)](#).
- write to us at:  
Australian Taxation Office  
GPO Box 9990  
YOUR CAPITAL CITY STATE POSTCODE \

## 8. How to complete this form

### Section A: Your details

Provide the following personal details so we can identify you:

1. Tax file number (TFN)
2. name
3. date of birth
4. current postal address
5. daytime phone number (including the area code)

### Section B: Your self-managed superannuation fund (SMSF) details:

1. Australian business number (ABN)
2. fund name

## 9. How a SMSF reports these contributions in their SMSF Annual Return

This form will not be effective unless the SMSF Annual Return and this form are filled in correctly.

Refer to Examples 1 and 2 in Section D below for guidance on correct reporting.

### Section C: Details of the financial years in which concessional contributions will be adjusted

1. Year 1 – provide the financial year in which the contributions were made to the SMSF but not allocated to you.

Note: as a general rule a contribution will be made when the funds are received by your SMSF. For more information about making contributions, refer to Super contributions too much super can mean extra tax, under the heading Timing of contributions.

1. Year 2 – provide the financial year in which the contributions were then allocated to you by the SMSF's trustees.

Note: the contribution will be regarded as allocated when the trustee allocates the amount to your accumulation interest in your SMSF.

### Section D: Details of your super contributions to be adjusted:

Personal contributions:

1. Show the amount of the personal contributions you made to the SMSF in year 1, which were not allocated until year 2, and for which you will be claiming a tax deduction in year 1.

Note: in processing your form, we will reduce your concessional contributions for year 1 by the amount shown at this label and increase your concessional contributions for year 2 by the same amount.

### Example 1

Jill is self-employed. With her husband Jack, she is both a member and a trustee of an SMSF, the JJ Superannuation Fund.

In January 2015 Jill made a personal contribution of \$25,000 to the fund, intending to claim a deduction for the contribution in her individual income tax return. As trustees, she and Jack allocated this amount to Jill's interest in the fund when it was received.

Having the funds available and wishing to boost her superannuation balance, Jill's financial advisor told her how she could make further deductible personal contributions in June without exceeding the concessional contributions cap for that financial year. On 21 June 2015 Jill acted on that advice and made a second personal contribution of \$25,000. She and Jack, as trustees, chose not to allocate the contribution to Jill until the next financial year. They accounted for the amount as being held in an 'unallocated contributions reserve' as at 30 June 2015.

On 5 July 2015, as a member of the SMSF, Jill gave a notice of intention to claim a deduction for \$50,000 (being the total of the two personal contributions she made in the 2014-15 financial year) to herself and Jack in their role as the fund's trustees. The trustees then, on the same day:

- resolved to allocate the second \$25,000 contribution to Jill
- provided Jill with an acknowledgement of her notice to claim a deduction for the full amount of \$50,000.

In October 2015 Jack and Jill meet with their tax agent and arranged to lodge:

- Jill's individual income tax return for 2014-15, claiming a deduction of \$50,000 for personal superannuation contributions.
- Jill's Request to adjust concessional contributions form, reporting



- ◇ 2015 at 'year 1' (Question 8 ) - the financial year the second personal contribution was made to the fund
  - ◇ 2016 at 'year 2' (Question 9) - reporting the financial year within which that same contribution was then allocated to Jill's interest
  - ◇ \$25,000 at Question 10 - reporting the amount of her deductible personal contributions that were made in year 1 but not allocated to Jill's interest until year 2
- the fund's SMSF annual return for the 2014-15 financial year where they report for Jill's personal contributions:
    - ◇ \$50,000 in Section B (Income) Item 11 label R2 (Assessable personal contributions)
    - ◇ \$50,000 in Section F (Member information) at label B (Personal contributions)
    - ◇ \$50,000 + the remainder of Jill's balance in the fund in Section H (Assets and Liabilities) at label W (Total member closing account balances).

Although they treated \$25,000 of that amount as being held in a reserve at 30 June 2015, they did not report \$25,000 at label X (reserves) in order to ensure the various totals on the annual return could be reconciled.

Note that in the 2016 SAR (year 2), they do not show any of the \$25,000 contribution in Section F (Member Information) labels B or K.

The ATO refers to both the SMSF annual return and the Request to adjust concessional contributions form in calculating Jill's concessional contributions to be:

- \$25,000 for 2014-15

\$25,000 for 2015-16 (assuming Jill makes no further contributions in that year)

### End of example

Employer Contributions:

1. Show the amount of the employer contributions, including salary sacrifice contributions, your employer made to the SMSF in year 1 and which were not allocated to you until year 2.

### Example 2

Jill and Jack are members and trustees of the JJ Superannuation Fund, an SMSF. Jack is employed by Hill Waterworks Pty Ltd. They have a salary sacrifice agreement in place under which performance bonuses, determined in January and June each year, are paid by the employer as super contributions to Jack's SMSF. Jack's employer also makes regular superannuation guarantee contributions of \$1,000 per month to his SMSF.

In January 2015 Jack's employer awards him a \$13,000 bonus and pays that amount as a super contribution to Jack's SMSF. As trustees Jack and Jill, allocate \$13,000 to Jack's interest in the fund when it is received.

On 25 June 2015 Jack's employer awards him a \$25,000 bonus and pays that amount as a superannuation contribution to Jack's SMSF. As trustees, Jack and Jill had planned how to manage this amount in order to ensure Jack does not exceed his concessional contributions cap. They decide to delay allocation of the contribution. On 30 June it was accounted for as 'unallocated contributions' in accordance with the SMSF's trust deed. On 5 July 2015 Jack and Jill then resolve to allocate the \$25,000 contribution to Jack, bringing its allocation into the 2015-16 financial year.

Jack completes and lodges the Request to adjust concessional contributions form reporting:

- 2015 at 'year 1' (Question 8 ) - the financial year within which the employer contribution was made to the fund
- 2016 at 'year 2' (Question 9) - reporting the financial year within which that same contribution was then allocated to Jack

- \$25,000 at Question 11 – reporting the amount of his employer contributions that were made in year 1 but not allocated to Jack’s interest until year 2.

In October 2015 Jack and Jill lodge the SMSF’s annual return for the 2014-15 financial year. They report the following information relating to the contributions made by Jack’s employer:

- \$50,000 in Section B (Income) Item 11 label R1 (Assessable employer contributions)
- \$50,000 in Section F (Member information) at label A (Employer contributions).
- \$50,000 + the remainder of Jack’s balance in the fund, in Section H (Assets and Liabilities) at label W (Total member closing account balances).

Although they treated \$25,000 of that amount as being held in a reserve at 30 June 2015, they did not report \$25,000 at label X (reserves) in order to ensure the various totals on the annual return could be reconciled.

Note that in the 2016 SAR (year 2), they do not show any of the \$25,000 contribution in Section F (Member Information) labels A or K.

The ATO calculates Jack’s concessional contributions as follows:

- \$25,000 for the 2014-15 financial year
- \$25,000 for the 2015-16 financial year (total to date – this amount may increase if Jack’s employer makes additional contributions to his SMSF).

**End of example**

**Section E: Declaration**

There are two declarations on this form – one for an individual and one for an agent or authorised officer. Complete the declaration that applies to you. Print your full name then sign and date the declaration.

**Lodging your form**

Either post your form to the address stated on the form, or fax it to the number stated on the form.

Note: Ensure you complete all parts of the form and sign the applicable declaration before sending your form to us.

Note: Ensure you complete all parts of the form and sign the applicable declaration before sending your form to us.





# APPENDIX B: SUPER AND LICENSING RULES – ASIC GUIDELINES



**ASIC**  
Australian Securities &  
Investments Commission

## CONTRIBUTION ADVICE FROM TAX AGENTS

If you are registered with the TPB as a tax agent or BAS agent, you do not need a licence or to be a representative of a licensee to provide advice that is given in the ordinary course of your activities as a tax or BAS agent and which is reasonably regarded as a necessary part of those activities: see section 766B(5)(c) of the Corporations Act.

To understand what services are within the ordinary course of the activities of a tax agent or BAS agent, see the information on tax agent services and BAS services on the TPB website, including the examples provided. For the purposes of relying on this exemption, a tax agent service or BAS service will generally:

- involve advising on liabilities, obligations or entitlements a client may have under a taxation law (for a tax agent service) or BAS provision (for a BAS service)
- be provided in circumstances where it is reasonable to expect that the client will rely on that advice to satisfy liabilities or obligations or to claim entitlements under a taxation law (for a tax agent service) or BAS provision (for a BAS service).

The advice that you give in your capacity as a tax agent or BAS agent will be considered a necessary part of your activities as a tax agent or BAS agent if you cannot provide a competent tax agent or BAS service without giving such advice. For

example, a tax agent may provide advice on the tax implications of acquiring a financial product (such as an SMSF) but cannot advise on whether to actually acquire the financial product because advice on whether to actually acquire the financial product is not necessary to provide a competent tax agent service.

If you are a registered tax agent, the exemption in section 766B(5)(c) will cover most of the same types of advice as the exemption in regulation 7.1.29(4) of the Corporations Regulations. However, the definition of ‘taxation law’ which applies to section 766B(5)(c) is slightly narrower than the tax laws that you can advise on under regulation 7.1.29(4). For example, advice about foreign tax laws and state and territory tax laws such as stamp duty, payroll tax and land tax is not covered under section 766B(5)(c).

The scenarios below are examples of how this exemption may apply in practice.

### Contributions into an SMSF

Under the exemption, a registered tax agent may provide advice on any tax implications of contributions into an SMSF (or other superannuation fund), such as a client’s eligibility to make concessional and non-concessional contributions and the tax treatment of those contributions. For instance, a tax agent can use a client’s total superannuation balance to advise the client on their eligibility for:

- the unused concessional contributions cap carry-forward
- the non-concessional contributions cap and the two-year or three- year bring-forward period.

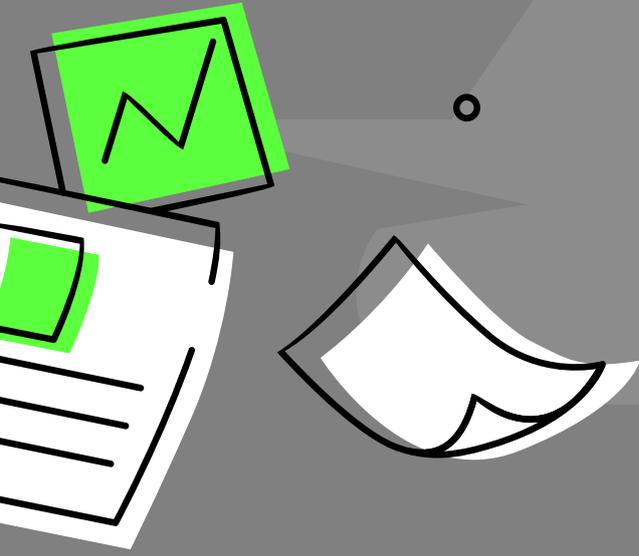
However, they cannot recommend that a client make a particular level of contributions (although they can advise on the maximum level of contributions a client can make). This is because the decision to make a particular level of contributions involves considerations other than tax.

As another example, a tax agent can advise a client that they will be eligible for a tax offset if they make a spousal contribution. The tax agent cannot recommend the amount of the spousal contribution. However, they may provide factual information about the spousal contribution eligibility criteria that is relevant to calculating the amount of the tax offset. This may include, but is not limited to, the spouse's income and the amount of the non-concessional contribution to superannuation.





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