

Super contributions caps

You may be at risk of paying extra tax

SUPER CONTRIBUTIONS CAPS

There are limits on the amounts that can be contributed into your superannuation each financial year before you have to pay extra tax. These limits are called super contributions caps. If more is contributed to your super than the cap amount, you may have to pay extra tax.

How much extra tax you pay once you exceed a cap depends on the type of contributions. There are two types of contributions:

- concessional
- non-concessional.

Concessional contributions

Concessional contributions are generally the before-tax contributions that you or your employer make to a super fund – for example:

- compulsory super your employer contributes for you (9% – also known as the super guarantee)
- any additional voluntary super contributions your employer makes
- salary sacrificed amounts
- any costs your employer pays, such as super administration fees and insurance premiums on behalf of your fund
- personal contributions you are allowed and claim as a personal super deduction in your income tax return.

Your concessional contributions cap depends on your age and the year in which the contributions are made.

TABLE: Concessional contributions caps

Financial year	Under 50 years old	50 years old or over
2011–12, 2010–11 and 2009–10	\$25,000	\$50,000
2008–09 and 2007–08	\$50,000	\$100,000

Any concessional contributions made into your super fund over the concessional cap will also count towards your non-concessional contributions cap.

Non-concessional contributions

Non-concessional contributions are generally the after-tax contributions you make to a super fund – for example:

- personal contributions you make from your after-tax income which you don't, or aren't allowed to, claim a personal super deduction for in your income tax return
- contributions your spouse makes to your super fund account
- contributions in excess of your concessional contribution cap – that is, your excess concessional contributions.

The yearly non-concessional contributions cap is now six times the amount of the (indexed) concessional contributions cap in that year. This means that the non-concessional contributions cap in 2011–12 remains at \$150,000.

If you are under 65 years old, you can 'bring forward' two years worth of non-concessional contributions. This means you can contribute up to three times the yearly non-concessional cap at once, or at any time during a three-financial-year period. The three-year period starts with the year that you first contribute more than the non-concessional contributions cap.



HOW MUCH EXTRA TAX DO I HAVE TO PAY IF I EXCEED A CAP?

Contributions in excess of the respective caps are taxed at different rates. The amount of tax you pay on the excess amount depends on which cap you exceed.

TABLE: Tax rates for contributions caps

Cap	Tax rate
Concessional contributions cap	31.5% (in addition to the 15% paid by the super fund)
Non-concessional contributions cap	46.5%

Any concessional contributions made into your super fund over the concessional cap will also count towards your non-concessional contributions cap.

HOW CAN I REMAIN UNDER THE CAPS?

You should regularly review your super contributions. If you are likely to exceed either of the caps and you don't want to pay extra tax, you should adjust the amounts that are contributed to your super fund.

The timing of your contributions can also be important. Contributions are counted against the caps in the year in which they are received by your super fund.

WHERE CAN I GET HELP?

You can speak to your employer or super fund for information about the type and amount of contributions paid to your super fund.

You should consider your options or seek professional advice before making any decisions about your super.

MORE INFORMATION

For more information:

- visit www.ato.gov.au/supercaps
- phone **13 10 20** between 8.00am and 6.00pm, Monday to Friday
- write to us at
Australian Taxation Office
PO Box 3100
PENRITH NSW 2740

If you do not speak English well and need help from the ATO, phone the Translating and Interpreting Service on **13 14 50**.

If you are deaf, or have a hearing or speech impairment, phone the ATO through the National Relay Service (NRS) on the numbers listed below:

- TTY users, phone **13 36 77** and ask for the ATO number you need
- Speak and Listen (speech-to-speech relay) users, phone **1300 555 727** and ask for the ATO number you need
- internet relay users, connect to the NRS on www.relayservice.com.au and ask for the ATO number you need.

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