






# Better Targeted Super Concessions is law

Better Targeted Super Concessions is now law and takes effect from 1 July 2026.

**Last updated** 26 March 2026

The [Treasury Laws Amendment \(Building a Stronger and Fairer Super System\) Act 2026](#)  and the [Superannuation \(Building a Stronger and Fairer Super System\) Imposition Act 2026](#)  received royal assent on 13 March 2026 and are now law.

Draft regulations are open for consultation and you may view them [here](#) .

## Better Targeted Super Concessions (Division 296)

This means Better Targeted Super Concessions (Division 296), a key aspect of those acts, will apply from the 2026–27 financial year onwards.

From 1 July 2026, if your total super balance (TSB) at the end of the financial year exceeds the large super balance threshold (LSBT) (set at \$3 million for the 2026–27 financial year) you will be subject to Division 296 tax of 15% on the proportion of earnings relating to your TSB that exceeds the LSBT.

Further, if your TSB at the end of the financial year exceeds the very large super balance threshold (VLSBT) (set at \$10 million for the 2026–27 financial year) you will be subject to additional Division 296 tax of

10% on the proportion of earnings relating to your TSB that exceeds the VLSBT.

For subsequent years, in considering whether you have exceeded the LSBT or VLSBT for a financial year and are liable to Division 296 tax, your TSB used will be the greater of your TSB amounts either immediately before, or at the end of, that financial year.

These thresholds will be indexed incrementally to the consumer price index.

- The LSBT is indexed in \$150,000 increments.
- The VLSBT is indexed in \$500,000 increments.

If you have members whose Division 296 TSB exceeds the LSBT you'll need to report new information in the SMSF annual return for the 2026–27 financial year onwards.

## **Total super balance**

The new law also changes the definition of TSB.

From 1 July 2026:


- An individual's TSB will be calculated as the sum of the TSB values for each of their Australian superannuation interests. The TSB value will be determined using a method or value prescribed in the regulations.
- The TSB change ensures annual valuation requirements and removes the link to transfer balance account (TBA).
- Superannuation interests in foreign funds are excluded from an individual's TSB.

We will shortly be releasing detailed information at [ato.gov.au](http://ato.gov.au) on Better Targeted Super Concessions.

## **Low Income Superannuation Tax Offset (LISTO)**

Also, as part of the new law, from 1 July 2027 the LISTO income threshold will increase from \$37,000 to \$45,000 matching the top of the second income tax bracket. The maximum payment will also

increase to \$810 to account for recent increases in the Superannuation Guarantee rate.

**Looking for the latest news for SMSFs?** – you can stay up to date by visiting our SMSF newsroom and [subscribing](#)  to our monthly SMSF newsletter.

QC 106294

## **Our commitment to you**

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

## **Copyright notice**

© Australian Taxation Office for the Commonwealth of Australia

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).