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QC 105113

Tax file numbers and super contributions

If you don't have a member's TFN, there can be income tax implications.

Last updated 24 October 2025

To effectively administer the super system, it's important that tax file numbers (TFNs) are provided when contributions are made to a super fund or retirement savings account (RSA).

Super funds can use their members' TFNs:

- as a primary locator to link contributions and rollovers with member accounts and to locate member accounts
- to help consolidate super accounts within and across funds.

If you don't have a member's TFN:

- assessable contributions received on their behalf incur additional tax
- you must return any member contributions or super co-contributions within 30 days of becoming aware that you shouldn’t

have accepted them (unless you obtain the member's TFN within that time).

Obtaining member TFNs

When a member gives their TFN to their employer, the employer must pass it on to you.

Accepting and returning contributions

What to do if you receive a member contribution from or on behalf of a member who has not provided their TFN.

No TFN supplied – additional income tax

If you do not have a member's TFN, you may be liable for additional income tax.

Providing and using TFNs in the super system

See how member tax file numbers (TFNs) can be used to search for member accounts, link contributions and rollovers.

QC 24747

Obtaining member TFNs

When a member gives their TFN to their employer, the employer must pass it on to you.

Last updated 24 October 2025

Accepting super co-contributions

If you get calls from your members asking if you accept super co-contributions, check you hold their tax file number (TFN) before responding. If you don’t have it, we recommend you request it.

If you claim super co-contributions on behalf of your members, they must contact you to provide their contribution reference number. You should check you have the member's correct TFN at the same time.

If you don’t have a member's TFN

Without a member's TFN:

- you may be liable to pay additional income tax
- the member may miss out on super co-contributions
- you must return all member contributions made on or after 1 July 2007 to the person or entity that paid it within 30 days of becoming aware that you shouldn't have accepted those contributions
- it will make it harder for your member to keep track of their super.

If you pay additional income tax and your member gives you their TFN later, you can claim a tax offset for the additional tax you paid.

Valid and invalid TFNs

A valid TFN must:

- pass the TFN algorithm
- belong to the person who quoted it.

If you provide what you believe to be a valid TFN for a member, but that TFN has been cancelled, withdrawn or is otherwise wrong, we may be able to provide you with the member's correct TFN if we can determine the correct one. In this case you must update your records accordingly.

We’ll accept that a member has quoted their TFN if either:

- we can provide you with the correct TFN
- it's clear the member intended to quote their correct TFN, for example, if the TFN digits have been transposed.

If the TFN you report for a member doesn't match our records, we'll inform you that you've not quoted a valid TFN.

TFN algorithm

The TFN algorithm is a mathematical formula that tests the validity of numbers quoted as TFNs. We recommend its use in software, as it'll minimise TFN errors. We can send you the algorithm to use in your software to minimise TFN errors.

You can request the algorithm if you're a software developer who is developing either a commercial or in-house software product that will test the validity of a TFN provided by a taxpayer.

For information about the TFN algorithm or its use, contact the Digital Partnership Office, by phone **1300 139 052** (toll free) or email dpo@ato.gov.au.

TFN exemption code

If a member claims a TFN exemption on the declaration they give their employer, the employer doesn't have to provide details of their TFN exemption claim. The employer must pass on only TFNs that have been quoted in an employee's TFN declaration.

Correct TFN (section 299TA) notices

We'll advise you if any TFNs you reported don't match our systems. If we can work out the correct TFN, we'll give you notice of the correct TFN under either:

- section 299TA of the *Superannuation Industry (Supervision) Act 1993* for APRA-regulated funds
- section 143A of the *Retirement Savings Account Act 1997* for RSAs.

You should treat any TFN provided under sections 299TA or 299TC of the SISA as though it has been quoted by the member and update your records accordingly. If a member has specifically requested for the trustee to not record their TFN before the trustee receiving a notice under section 299TC, the notice can be disregarded.

For more information, see Providing and using TFNs in the super system.

QC 24748

Accepting and returning contributions

What to do if you receive a member contribution from or on behalf of a member who has not provided their TFN.

Last updated 24 October 2025

Member contributions

You can't accept any member contributions if your member hasn’t given you their tax file number (TFN). This includes contributions made by the member's spouse on their behalf.

If you receive a contribution from or on behalf of a member who hasn't provided their TFN, you must return the contribution to the person or entity that paid it. The contribution must be returned within 30 days, unless the member gives you their TFN within that time.

Super co-contributions

If you receive a super co-contribution payment from us for a member and don't have their TFN, you have 30 days to obtain the TFN so you can accept the payment.

If you can’t get the TFN you must return the co-contribution using a Superannuation payment variation advice form (NAT 8451), using the reason code '**NT**' in section D of the form.

You can use one PVA form to return multiple co-contribution entitlements – you just need to ensure you complete a separate 'section D: member variation details' for each co-contribution you're returning. You have 28 days to allocate a co-contribution entitlement to the member's account or, if you're unable to do so, a further 7 days to return the entitlement to us. We’ll impose a general interest charge on any payments returned after this.

For more information, see No TFN supplied – additional income tax.

QC 24749

No TFN supplied – additional income tax

If you do not have a member's TFN, you may be liable for additional income tax.

Last updated 5 February 2026

Receiving a member's TFN

When a member gives their tax file number (TFN) to their employer, the employer must pass it on to you.

If you don’t have a member's TFN, you may be liable for additional income tax of 32%. This tax is on top of the 15% tax you already paid on assessable contributions such as:

- contributions made by an employer on behalf of a member, including salary sacrifice contributions
- any part of a transfer from a foreign super fund that is assessable income of the fund.

For more information, see Fund income tax return instructions 2025.

Applying extra tax

Complying fund

If your member hasn't quoted their TFN by the end of your income year, extra tax may apply to their contributions. This extra tax is on top of the usual 15% tax on contributions.

Accounts opened before 1 July 2007

- If the member's total contributions for the year are more than $1,000, you'll pay an extra 32% tax on all of the contributions for the

year, including the first $1,000.

- If the member's total contributions for the year are $1,000 or less, then you won't pay any extra tax.

Accounts opened on or after 1 July 2007

You'll pay an extra 32% tax on all the member's contributions for the year, regardless of the amount.

Non-complying fund

The same rules apply to non-complying funds as to complying funds, but the extra tax rate is 2% instead of 32%.

PAYG instalment calculations

This extra tax doesn't affect your pay as you go (PAYG) instalment calculations. When calculating your PAYG instalments, don't include your:

- no-TFN-quoted contributions income
- tax offset for no-TFN-quoted contributions income.

We generally calculate instalment rates at 15% for complying funds and 45% for non-complying funds. If your circumstances mean you pay more or less than your expected income tax liability for the relevant income year, you can vary your instalments. For example, you may have non-arm's length income that's taxed at an additional 30% on top of the 15% rate of tax for assessable contributions.

Reporting your liability

You work out your liability for the additional tax at the end of the income year in which the contributions are made. Include contributions that are assessable income as no-TFN contributions income in your fund income tax return.

Retirement savings account (RSA) providers need to calculate these amounts and report them at the *Calculation statement* section of the company tax return.

Claiming back additional tax

If you paid extra tax because a member did not quote their TFN, you may be able to claim it back. You claim this as a no-TFN tax offset in your income tax return in the year in which the member first quotes their TFN to you. The offset equals the extra tax you paid on the member's contributions from earlier years. You can only claim the extra tax paid from the 3 income years before you received the TFN.

The tax offset can only be claimed for extra tax paid on contributions income of an earlier year. You cannot pay extra tax for a contribution and claim a tax offset for that same contribution in the same income year.

If you would like to get the benefit of this offset sooner, you can adjust your PAYG instalments to reflect the fact that you will be entitled to the offset in your next income tax return.

If you have debited the amount of additional tax from your member, you should refund this money to their account.

If a member leaves

The additional tax on no-TFN contributions applies if a member has not quoted their TFN by the end of the income year you accepted the contributions. This is even if the member leaves the fund in that year.

If the member has transferred their super to another fund, the original fund (not the new fund) must pay the tax. If the former member quotes their TFN to their former fund within 3 years of the end of the income year in which the no-TFN contributions were made, the former fund can claim a tax offset.

Interest on no-TFN tax offset

You may be entitled to interest if all these conditions are met:

- The member gave their TFN to their employer before the end of an income year.
- The employer didn't pass on the TFN to you when making contributions for that member.
- Those contributions became part of your no-TFN contributions income, and you paid extra tax on them.

- The member later quotes their TFN to you, creating an entitlement to a no-TFN tax offset.
- The no-TFN tax offset was applied against your income tax assessment.

You must self-assess any interest on no-TFN tax offset in the current income year.

There is a label on the fund income tax return where you show the amount of interest on no-TFN tax offset claimed in the calculation statement.

RSAs need to calculate these amounts and report them at the calculations statement of the company income tax return.

Evidence required to claim interest

You must hold evidence to support a claim for interest on no-TFN tax offset.

First, ask the member to provide a copy of the TFN declaration that they lodged with the employer who did not pass their TFN on to you.

If the member can't provide a copy of the TFN declaration, they can give you a statement that states:

- the name of the employer
- that the member gave the employer authority to pass their TFN on to you.

You should be able to provide us with evidence of the statement and show that it was made by the member. For example, by showing that an emailed statement came from the member's email address.

Oral statement

If you receive an oral statement by phone:

- use proof of identity procedures
- provide the option of giving you a copy of their TFN declaration, if they have one.

If the member doesn't have a copy of their TFN declaration, you can obtain a statement from them confirming they authorised their

employer to pass on the TFN and keep a record as evidence.

Calculating interest

The rate used in calculating the interest is set by law and is reviewed every quarter.

(A ÷ B) × C × (D ÷ 100)

Where:

- A is the number of days in the period you are entitled to interest
- B is the number of days in the year (365 for non-leap years and 366 for leap years)
- C is the amount of interest-bearing tax
- D is the interest rate for the period.

The interest-bearing tax is the amount of tax payable for the no-TFN-quoted contributions income that counted towards the tax offset.

If a payment of interest extends over 2 or more interest rate periods, you need to calculate a separate interest entitlement for the number of days within each different rate period that the overpayment attracts interest.

Period of interest

Interest is payable to you for the period that:

- starts on the later of the following days
  - the day the amount of interest-bearing tax was paid
  - the day the amount of interest-bearing tax was required to be paid
- ends on the day the assessment of the no-TFN tax offset is made.

All super and RSA providers are subject to a 'full' self-assessment system under which they self-assess the amount of tax they must pay. The assessment is deemed to be made on the day you lodge your income tax return.

Example: interest calculated for a period

Secure Future is a complying super fund. It declares an amount of $10,000 at the 'No-TFN contributions income' label in its income tax return for the 2022–23 income year. An additional 32% tax ($3,200) is payable on these no-TFN contributions.

The due date for lodgment of income tax returns for Secure Future is 2 March 2024, the due date for lodgment of 2022–23 income tax returns for funds that have a total income of $2 million or greater but less than $10 million. This is also the due date for payment of tax for this return.

Secure Future is overdue in paying the total tax due. On 8 April 2024, it pays the full amount of tax owing, including the $3,200 tax on the no-TFN contributions.

In Secure Future's 2023–24 income year, Alana (a member of the fund) notices that her account was debited with $1,000 no-TFN-quoted contributions tax and so she provides her TFN to the fund. Alana advises Secure Future that she gave her TFN to her employer when she completed a TFN declaration on 10 September 2022 and she provides Secure Future with a copy of that TFN declaration.

In 2023–24 tax return, Secure Future claims $1,000 as a tax offset for part of the $3,200 tax paid on the no-TFN-quoted contributions reported in its 2023 income tax return.

Secure Future also claims interest of $42.59 on the $1,000 tax paid for the period from 8 April 2024 until 31 March 2025, when its 2024 tax return was lodged, and assessment is deemed to be made.

The interest for this period is calculated as follows:

> Period interest on no-TFN-quoted tax offset =
>
> 8 April 2024 to 30 June 2024 (83 ÷ 366) × $1,000 × (4.34 ÷ 100) = $9.84
>
> 1 July 2024 to 30 September 2024 (91 ÷ 366) × $1,000 × (4.36 ÷ 100) = $10.84
>
> 1 October 2024 to 31 December 2024 (91 ÷ 366) × $1,000 × (4.38 ÷ 100) = $10.89

1 January 2025 to 31 March
2025 (91 ÷ 365) × $1,000 × (4.42 ÷ 100) = $11.02

Total interest payable
$9.84 + $10.84 + $10.89 + $11.02 = $42.59.

Defined benefit funds

If you are a defined benefit fund, you are required to pay no-TFN contribution income tax.

If you have members who accrue benefits for the income year and they have not quoted their TFN, we will accept a reasonable method of calculating the amount of the no-TFN contributions income for the year.

Contributions income attributable to particular members, such as salary sacrifice contributions, can be determined to be no-TFN contributions income without difficulty. However, contributions that are not attributable to a particular member must be apportioned across all members of the fund on a reasonable basis.

Without limiting acceptable methods, you could apportion the contributions income by basing it on the super salaries of the members who have accrued benefits in the income year.

Another acceptable method of apportionment would be using the amount of the members' notional tax contributions that is required to be calculated for defined benefit members for the purpose of the excess contributions tax.

Example: calculating notional taxed contributions on a defined benefit

A defined benefit fund has 10 members who have accrued benefits in the income year. One member, Mr X, has not quoted their TFN.

The fund receives $100,000 of contributions income for the income year. The fund calculates the 10 members' notional taxed contributions for the income year for the purposes of the excess

contributions tax. The total of the 10 members' notional taxed contributions equals $140,000.

Mr X's notional taxed contributions are $7,000.

The fund's no-TFN-quoted contributions income is calculated as:

$7,000 ÷ $140,000 × $100,000 = $5,000.

QC 24750

Providing and using TFNs in the super system

See how member tax file numbers (TFNs) can be used to search for member accounts, link contributions and rollovers.

Last updated 24 October 2025

Using TFNs for faster transactions

For faster transactions in the super system, use tax file numbers (TFNs):

- as a primary locator to link contributions and rollovers with member accounts
- to search for accounts your members hold.

Validating your member's TFN details

The SuperTICK service and Member Account Attribute Service (MAAS) validate your member's TFN information. You must provide the following member details:

- name
- address (optional)
- date of birth.

An unmatched response doesn't mean the TFN is incorrect, only that our records don't match the details provided. Due to the nature of our matching processes, we're unable to advise which elements of the data provided can't be matched.

Sub regulation 6.33D(3) of the *Superannuation Industry (Supervision) Regulations 1994* states that if the Commissioner has previously provided a notice under subsection 299TD(2) of the *Superannuation Industry (Supervision) Act 1993* (SISA), there's no requirement to validate that TFN again.

For more information, see SuperTICK user guide.

Providing your members' corrected TFN

We may provide you with a corrected TFN for your member when:

- the TFN you reported through MAAS or SuperTICK is incorrect, but we can determine the correct one
- no TFN was reported but we can match one to your client's quoted TFN from a previous super transaction.

You should treat any TFN provided under sections 299TA or 299TC of the SISA as though it has been quoted by the member and update your records accordingly. If a member has specifically requested for the trustee to not record their TFN before the trustee receiving a notice under section 299TC, the notice can be disregarded.

Using your member's TFN

If you have a member's TFN, you can use it:

- as a primary locator to search for their accounts within your fund
- to match contributions or rollover requests to their account
- to identify where the member may have multiple accounts within your fund and consider whether consolidation is beneficial to your member – you can do this without requiring the explicit consent of your member.

However, the regulations include rules you must follow when using a member's TFN to search for their accounts in another fund or using our SuperMatch service. You must have their consent to do this.

For more information, see MAAS Business Implementation Guide (DOCX, 708KB).

Consent to use your members' TFN

You can get consent from your member to search for other super accounts belonging to them in a variety of ways, including:

- in writing
- over the phone – if their identity has been confirmed through your proof-of-identity procedures
- through an online form or portal (if the member has logged into their member account through a secure online website or portal)
- through a recorded instruction or interactive voice response function within a call centre.

Whatever method you use to get member consent, it's important the member gives **explicit consent**. Getting general consent – for example, in a product disclosure statement – won't be sufficient unless a prior agreement with us was reached.

When you get consent from your member, we recommend you provide clear guidance, so they understand what they are consenting to. You must have the member's consent to:

- use their TFN to search SuperMatch
- contact a particular fund on your member's behalf. duration of member consent.

No guidance is given by law or regulations on how long a member's consent to use their TFN will last. We recommend informing your members of the duration of their consent according to your fund rules at the time they provide it. You should advise them how to withdraw their consent in the future, should they choose to do so.

Consent to search SuperMatch and to rollover

If your member gives you permission to use their TFN to search SuperMatch for accounts belonging to them, you can't use this consent to consolidate any accounts you find for them.

The legal requirements, including proof of identity requirements, apply to rollovers and to the consolidation of any accounts located through a SuperMatch search.

A condition of using the SuperMatch service is that you inform each member you're conducting a search for and advise them of the results. When informing your member about accounts you've found, you may want to provide them with their consolidating options.

There's nothing to prevent you from seeking a single consent from your member that permits the search of SuperMatch and request for the payment of any ATO-held amounts found. You must take care to ensure it's clear to your member their consent covers both activities.

You can request payment of amounts we hold for your member in your SuperMatch search, if you have your member's consent.

The consent you need from your member

If you want to search for member accounts within your fund:

- no specific consent is required
- use the TFN as the primary locator to search for accounts within your fund.

If you want to search using SuperMatch:

- you need your member’s explicit consent prior to using their TFN to search SuperMatch
- a separate consent must be obtained to request payment of any ATO-held super for your member
- both these can be captured together but must be clearly differentiated
- you must tell your member what you've found within 28 days of receiving the SuperMatch report
- general consent included in a product disclosure statement won't be sufficient unless a prior agreement with us was reached.

Your member may use ATO online services to search for their own super holdings at any time.

If you need to request a rollover:

- if your member requests you to initiate a rollover from another fund to the account they hold with you, you'll need the member's consent to use their TFN to contact the other fund.

If you need to consolidate accounts between funds:

- you need to ask your member for consent to consolidate their accounts.

Your member may use ATO online services to consolidate their own accounts at any time.

If you need to seek information about member accounts from any fund:

You can't ask your member for consent to do this. You may only ask for consent to seek account information held by a specific super provider or by providers identified to you by SuperMatch.

Misusing your member's TFN

Misuse of member TFNs is serious and can attract penalties, including monetary fines and imprisonment.

If a member thinks their TFN has been mishandled, they can make a complaint to the Australian Information Commissioner.

QC 52058

Taxation of super benefits

The taxation of a super benefit paid from a complying super fund.

Last updated 17 December 2025

Taxation treatment of super benefits

The taxation treatment of a super benefit paid from a complying super fund is based on:

- the amount of the benefit
- the age of the person receiving the benefit
- whether the benefit is being paid as a lump sum or an income stream

- whether the taxable component includes a taxed element and/or an untaxed element.

Tax-free component

You don't have to withhold any tax on the tax-free component of a member benefit.

Taxable component – super lump sum

The taxable component of a lump sum is assessable income. However, the tax rates on super lump sum payments are subject to a maximum tax rate or a cap. These caps (low-rate cap amount and untaxed plan cap amount) are given effect through tax offsets that reduce the individual's marginal tax rate to the specified maximum tax.

If you make a super lump sum payment to an individual, including a super lump sum death benefit paid to a non-dependant, refer to Schedule 12 – Tax table for superannuation lump sums.

A super lump sum death benefit is not subject to PAYG withholding where it is paid to:

- a death benefit dependant – this amount is tax-free
- the trustee of a deceased estate – this amount is taxed within the estate in the same way it would be taxed if it was paid directly to the beneficiary.

For more information, see PAYG withholding.

Low-rate cap amount

The low-rate cap amount is the limit set on the amount of taxable components (taxed and untaxed elements) of a super lump sum that can receive a lower (or nil) rate of tax. It applies to members that have reached their preservation age but are below 60 years old. It is a lifetime cap. Once the member has reached the low-rate cap, any further benefits should be taxed at a higher rate.

The low-rate cap amount for the 2025–26 year is $260,000. This amount is indexed each year in line with average weekly ordinary time earnings.

For more information, see Key super rates and thresholds.

Untaxed plan cap amount

The untaxed plan cap amount limits the concessional tax treatment of benefits that haven't been subject to contributions tax in the fund.

The untaxed plan cap amount is a per-plan limit that applies to all super lump sum benefits, paid by your fund, that include an untaxed element.

You should reduce the untaxed plan cap amount for each super interest by the total amount of each untaxed element that you pay, including rollovers (except internal rollovers).

The untaxed plan cap amount for the 2025–26 year is $1.865 million. This amount is indexed each year in line with average weekly ordinary time earnings.

For more information, see Key superannuation rates and thresholds.

Taxable component – super income stream

The taxable component of a super income stream is assessable income for the recipient and is subject to withholding tax. Some super income streams are eligible for a tax offset. You will need to work out the tax offset amount and inform the recipient of this amount.

If you make a super income stream payment to an individual, including a super income stream death benefit, refer to Schedule 13 – Tax table for super income streams.

You should use the appropriate tax table depending on the period the income stream covers:

- Weekly tax table
- Fortnightly tax table
- Monthly tax table

The Medicare levy of 2% will apply to all super payments (lump sums and income streams) where the rate of tax is greater than 0%.

Division 293 tax – deferred debt obligations for funds

Funds have additional obligations when Division 293 tax is assessed on a member's defined benefit contributions.

Last updated 8 April 2026

Deferred debt

When Division 293 tax is assessed on a member's defined benefit contributions, the debt is deferred.

We send the super fund a *Notice of debt account creation*, advising of members who have a deferred debt account created based on the member's defined benefit contributions that have been reported to us.

The *Notice of debt account creation* is a paper correspondence.

Funds are expected to keep this notice until a member's end benefit becomes payable.

End benefit becomes payable

Super funds with defined benefit members are required, by law, to advise us when a member's end benefit becomes payable. This allows us to finalise the deferred debt account and provide the member with a *Debt account discharge liability* notice.

Super funds must contact us within 14 days from the **earlier** of either when the fund receives a request to pay the end benefit, or when the super benefit becomes payable. The following information is to be provided in the approved form:

- date the member made the request
- date on which the benefit became payable
- date on which the benefit will be paid
- end benefit cap amount, which only needs to be provided if a deferred debt account still exists.

Division 293 deferred debt account status requests

Super funds can contact us to ask if a member's Division 293 deferred debt account is in debt by:

- using the Provision of details (POD) service, an optional component that super funds may have chosen to build into their Member account attribution service (MAAS)
- lodging a request using the Super Enquiry Service (SES).

For Super Enquiry Service account status requests, the following information must be provided:

- fund name
- fund Australian business number (ABN)
- given and family name of the person making the request (must be an authorised contact for the fund)
- position held by the person making the request
- business hours phone number
- member account number
- given and family name of the member
- member's date of birth
- member's address
- one of the following declarations
  - if the request is sent via unencrypted email – 'I declare that the information in this email is true and correct. I understand that the ATO does not control the path of inbound emails, so the privacy of information sent by unencrypted email cannot be guaranteed. I am aware of this risk if I choose to communicate with the ATO via email.'
  - if the request is sent via data transfer facility – 'I declare that the information given in this request is true and correct.'

Once the request has been received, we will aim to respond within 5 business days to advise if the member's Division 293 deferred debt account is in debt or not in debt.

End benefit cap

A member's end benefit cap amount needs to be calculated by the super fund if:

- the fund is advised by us that the member's deferred debt account is in debt
- the fund didn't contact us to ask if the member's Division 293 deferred debt account is in debt.

The end benefit cap is 15% of the employer-financed component of any part of the value of the super interest that accrued after 1 July 2012. The value of the super interest is to be worked out at the end of the financial year before the financial year in which the end benefit becomes payable. A fund may need actuarial guidance on how to calculate the end benefit cap.

If a member's Division 293 deferred debt account is not in debt, the fund will not be required to calculate an end benefit cap for that member. The fund is still required to send an 'End benefit' notice to us and select **Not Applicable** at Question **15,** next to **What is the end benefit cap amount?**

If a fund discovers a material change or omission in the information provided to us as part of the end benefit process, the fund must advise us within 7 days of discovery of the change/omission.

To do this, re-lodge the End benefit notice – superannuation provider Division 293 tax form (NAT 74728).

QC 36567

About Division 296 tax for APRA funds

How Division 296 tax will apply for APRA regulated super funds.

Last updated 29 June 2026

Division 296 tax from 1 July 2026

From 1 July 2026, Division 296 tax will reduce the tax concessions available to individuals through their super. Division 296 tax can generally be paid from the individual's super fund(s).

It applies at a rate of an additional 15% to an individual's taxable super earnings. Broadly, this is a portion of the earnings on all your super interests determined by the extent that your total super balance (TSB) exceeds the large super balance threshold (LSBT).

An additional rate of 10% will also apply to an individual's very large super balance earnings component. Broadly, this is a portion of the earnings on all your super interests, determined by the extent that your TSB exceeds the very large super balance threshold (VLSBT).

For the 2026–27 income year, the LSBT is $3 million and the VLSBT is $10 million. Both thresholds may increase due to indexation in future years.

For the 2026–27 income year, for Division 296 tax to apply it is the TSB at the end of the income year that must be greater than the LSBT or VLSBT. For subsequent income years, it will apply if either the TSB just before the start of the income year or at the end of the year exceeds these thresholds.

Limited recourse borrowing arrangement (LRBA) amounts are disregarded when determining a member's TSB for calculating Division 296 tax purposes.

For more information, refer to Division 296 tax.

APRA regulated funds and Division 296

Although Division 296 tax is assessed on the individual, Australian Prudential Regulation Authority (APRA) regulated super funds must calculate their Division 296 fund earnings, attribute relevant super earnings to their members that have a TSB exceeding the LSBT (in-scope members) and report those members' relevant super earnings to the ATO.

We will identify which of your members have a TSB exceeding the LSBT. We will then notify you through a request for information

process in Online services for business that you have members for whom you need to report relevant super earnings.

You may receive more than one request for information as these will be sent progressively as we receive the information necessary to calculate your member's TSB – this may include information from other funds. For example, if they are a member of an SMSF as well, we need to wait until the SMSF lodges its annual return for the year to get the information necessary to calculate your member's TSB.

The 2026–27 income year is the first year in which Division 296 tax will be applied and funds will need to report their in-scope members' relevant super earnings to the ATO.

For defined benefit interests not in retirement phase and other prescribed interests that will use a prescribed formula based on the change in the TSB value of the member's interest to calculate the member's relevant super earnings, we will start issuing requests for Division 296 information in November 2027. These funds will have 28 calendar days to respond.

All other APRA-regulated funds can expect to start receiving requests for Division 296 information in April 2028 and will have 28 calendar days to respond.

Requests for information for subsequent years will follow a similar pattern.

We will provide more information on how funds will report their member's relevant super earnings to the ATO as we design this process.

Division 296 fund earnings

To determine relevant super earnings attributable to the interests of your in-scope members, you will first need to calculate your fund's Division 296 fund earnings.

The law prescribes the formula that funds will need to use to calculate their Division 296 fund earnings. There are also modified rules for providers of pooled super trusts and retirement savings accounts.

Capital gains tax (CGT) adjustment for Division 296 tax

Large APRA funds

A CGT adjustment is available when calculating Division 296 fund earnings, to recognise the level of accrued value of assets prior to the commencement of the law. This only applies for Division 296 purposes. It does not otherwise affect the fund's own calculation of income tax.

Funds will calculate an adjusted net capital gain for Division 296 fund earnings purposes. This will feed into the relevant taxable income or loss element of the Division 296 fund earnings calculation.

For complying super funds (other than small super funds), the net capital gain of the fund for the relevant year is taken to be the amount of that gain, multiplied by a factor prescribed by the regulations. This modified amount is then used to work out the Division 296 fund earnings for an income year.

The prescribed factors are:

- 2026–27 income year: 0.2
- 2027–28 income year: 0.4
- 2028–29 income year: 0.6
- 2029–30 income year: 0.8

There are no further adjustments after the 2029–30 income year.

Small APRA funds

To calculate Division 296 fund earnings, a small APRA fund (SAF) can elect to make a CGT adjustment to the cost base or reduced cost base of its CGT assets to the market value of those assets as at the end of 30 June 2026. This recognises the level of accrued value prior to the commencement of the Division 296 tax.

The CGT adjustment election applies to all CGT assets held by the SAF at the end of 30 June 2026. Generally, it is only available to assets that the SAF holds or owns directly, and not to those held indirectly, other than through a custodian or tax look-through (for example, LRBA trust) arrangement.

The CGT adjustment election only applies for the purpose of working out Division 296 fund earnings for the SAF for a year, to the extent that it is affected by the cost base or reduced cost base of the CGT asset.

The election:

- must be in the approved form (an approved form will be provided in due course)
- must be made by the due date of the annual return for the 2026–27 income year
- cannot be revoked.

The election does not need to be provided to the ATO.

SAFs must keep a record of the choice:

- for each CGT asset to which the election applies, records of each element of its cost base and reduced cost base (as affected by the election)
- in plain English or be readily accessible and convertible into English
- for 5 years after it becomes certain that there can be no further CGT events occur in relation to any of the CGT assets to which the election applies

SAFs that apply the CGT adjustment will adjust the cost base of all its CGT assets (for Division 296 tax purposes) as follows:

- The first element of the cost base or reduced cost base is taken to be the asset's market value as at the end of 30 June 2026.
- Each other element of the cost base or reduced cost base is taken to have been adjusted to nil at the end of 30 June 2026 (such that any amounts that formed part of the cost base or reduced cost base on or before that day are disregarded).

Defined benefit interests and other prescribed interests

A member's relevant super earnings for defined benefit interests that are not in retirement phase and other prescribed interests will be calculated based on a change in the TSB value of the interest in accordance with a formula specified in the law, taking into consideration certain contributions and withdrawals that occur during the income year.

Further guidance

We are currently drafting a law companion ruling that will support funds with calculating their Division 296 fund earnings and members' relevant super earnings, including content on the CGT adjustment. For more information, refer to the regulations and the following relevant legislation:

- Superannuation (Building a Stronger and Fairer Super System) Imposition Act 2026 - Federal Register of Legislation
- Treasury Laws Amendment (Building a Stronger and Fairer Super System) Act 2026 - Federal Register of Legislation.

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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.

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