



 [Print whole section](#)

Early access to super

Your super is for retirement, but you may be able to access it earlier on compassionate and other hardship grounds.

When you can access your super early

The limited circumstances in which you can access your superannuation before retirement.

Access on compassionate grounds

Find out about accessing super early on compassionate grounds, what you need to do, how to apply.

Access due to a terminal medical condition

How to access your super early if you have a terminal medical condition.

First home super saver scheme

How you can use some of your eligible voluntary super contributions to help buy your first home.

Tax on super benefits

Work out the tax that applies to withdrawals or payments from

Military invalidity pensions – Douglas decision

Work out if your military invalidity pension is affected by the Douglas decision and what it means for your tax.

Illegal early access to super

Make sure you know when it's legal to access your super – there are consequences if you access it illegally.

QC 23235

When you can access your super early

The limited circumstances in which you can access your superannuation before retirement.

Last updated 2 August 2023

On this page

[Overview](#)

[Access on compassionate grounds](#)

[Access due to a terminal medical condition](#)

[Access due to severe financial hardship](#)

[Access due to temporary incapacity](#)

[Access due to permanent incapacity](#)

[Super balance less than \\$200](#)

[Illegal early release and scams](#)

Overview

You can access your super early in very limited circumstances, including to pay certain expenses on compassionate grounds, as well as terminal illness, incapacity and severe financial hardship.

For information on how to save money for your first home inside your super fund, see [First home super saver scheme](#).

Access on compassionate grounds

You may be allowed to withdraw your super early on **compassionate grounds** to pay for:

- medical treatment for you or your dependant
- medical transport for you or your dependant
- modifications to your home or vehicle to accommodate you or your dependant's special needs arising from a severe disability
- palliative care for you or your dependant
- death, funeral or burial expenses of your dependant
- preventing foreclosure or forced sale of your home

For release on compassionate grounds, you need to meet all eligibility conditions and provide the relevant documents to support your application. Applications that don't include these documents may be delayed or not approved.

Applications can be made via ATO Online, or on our paper form where you don't have access to our online services.

The super you withdraw on compassionate grounds is paid and taxed as a normal super lump sum.

Access due to a terminal medical condition

You may be able to access your super if you have a terminal medical condition and **all** these conditions are met:

- Two registered medical practitioners have certified, jointly or separately, that you suffer from an illness or injury that is likely to result in death within 24 months of the date of signing the certificate.
- At least one of the registered medical practitioners is a specialist practising in an area related to your illness or injury.
- The 24-month certification period has not ended.

Contact your super fund to request access to your super due to a terminal medical condition. Your fund must pay your super as a lump sum. For the payment to be tax-free you must have a terminal medical condition either:

- at the time of the payment
- within 90 days of receiving the payment.

If you have a terminal medical condition and you have super held by us you can claim it through your super fund or directly from us.

For more information see [Access due to a terminal medical condition](#).

Access due to severe financial hardship

You may be able to withdraw some of your super if you are experiencing severe financial hardship. Access on grounds of severe financial hardship is not administered by the ATO. You need to contact your super provider to request access due to severe financial hardship.

There are no special tax rates for a super withdrawal because of severe financial hardship. Withdrawals are paid and taxed as a normal super lump sum. If you're under 60 years old, this is generally taxed at between 17% and 22%. If you're over 60 years old, you won't be taxed unless the lump sum includes an untaxed element.

Eligibility

Eligibility for access due to severe financial hardship depends on your age in relation to your **preservation age**. For example, if your preservation age is 55 and you're under 55 years and 39 weeks old, you need to satisfy the conditions under 1 below.

1. Under preservation age plus 39 weeks

If you're under your preservation age plus 39 weeks, you need to meet both these conditions:

- You have received eligible government income support payments for a continuous period of 26 weeks.
- You are not able to meet reasonable and immediate family living expenses.

The minimum amount that can be withdrawn is \$1,000 and the maximum is \$10,000. If your super balance is less than \$1,000 you can withdraw up to your remaining balance after tax.

You can only make one withdrawal in any 12-month period.

2. Reached preservation age plus 39 weeks

If you've reached your preservation age plus 39 weeks, you need to meet both these conditions:


- You have received eligible government income support payments for a cumulative period of 39 weeks after you reached your preservation age.
- You were not gainfully employed at the time of applying.

There are no restrictions on how much you can withdraw if you meet the age and the other 2 conditions.

How to apply for access due to financial hardship

You need to apply to your super fund directly for release of super on financial hardship grounds. The ATO does not process severe financial hardship requests.

If your super provider requests evidence, you can ask Services Australia to provide a letter confirming you have received eligible government income support payments for the relevant period.

For more information on how to apply for early access to your super because of financial hardship, see [If you need to apply because of financial hardship](#)  at Services Australia.

Access due to temporary incapacity

You may be able to access your super if you are temporarily unable to work, or need to work fewer hours, because of a physical or mental

medical condition.

This condition of release is generally used to access insurance benefits linked to your super account.

You'll receive the super in regular payments (an income stream) over the time you are unable to work. There are no special tax rates for a super withdrawal due to temporary incapacity. Withdrawals are paid and taxed as a super income stream.

Contact your super provider to request access to your super due to temporary incapacity and to ask about insurance attached to your super.

Access due to permanent incapacity

You may be able to access your super if you are permanently incapacitated. This type of super withdrawal is sometimes called a 'disability super benefit'.

Your fund must be satisfied that you have a permanent physical or mental medical condition that is likely to stop you from ever working again in a job you were qualified to do by education, training or experience.

You may still be eligible to withdraw your super where you meet the above criteria, but are undertaking other work, such as light duties in a different position or casual work in a different field.

You can receive the super as either a lump sum or as regular payments (income stream).

To receive concessional tax treatment, a super withdrawal due to permanent incapacity must be certified by at least 2 medical practitioners.

Contact your super fund to request access to your super because of permanent incapacity.

To work out how your super payment will be taxed you need to know how much of the money in your super account is a:

- tax-free component
- taxable component the super provider has paid tax on (taxed element)

- taxable component the super provider has **not** paid tax on (untaxed element).

If you're under your **preservation age** **and** receive a disability benefit as an income stream, you'll get the **super income stream tax offset** that reduces the tax rate on the taxed element of your taxable component by 15%.

If you've reached your preservation age **or** if you get a lump sum, your disability benefit will be taxed at the rates described in **Tax on super benefits**.

Super balance less than \$200

You may be able to access your super if:

- your employment is terminated and the balance of your super account is less than \$200
- you have found a 'lost super' account with a balance less than \$200.

Contact your provider to request access. Check the eligibility criteria for withdrawing super from **ATO-held accounts**.

No tax is payable when accessing super accounts with a balance less than \$200.

Illegal early release and scams

Illegal early release

Some promoters claim to offer early access to your super by transferring it into a self-managed super fund. These schemes are illegal, and heavy penalties apply if you get involved. For more information, see **Illegal early release of super**.

Be aware of scams and schemes

Be alert to scams or schemes where people:

- impersonate the ATO, or a trusted organisation like your super fund, to steal your money or personal identifying information

- contact you and charge for services that are free, like gaining early access to your superannuation.

If you receive a phone call, text message or email offering to help you release your super early, **do not**:

- provide your personal information
- click on any links.

You can **contact us** to confirm if an interaction is genuine.

Stolen or misused identity

If you're concerned that someone has accessed your super without your permission, you should check your:

- myGov and ATO Online account and make sure your contact details are still correct
- superannuation account to make sure that your account details are also correct, and that there have been no unauthorised transactions.

If you receive a text message or email stating that your myGov details have been changed, or that you have applied for early release of super when you have not, do not click on any links, and consider whether your identity has been compromised.

If you think that someone has stolen or misused your identity, contact both:

- your super fund immediately if you identify unauthorised transactions or updates to your account
- our Client Identity Support Centre on **1800 467 033** (between 8.00 am and 6.00 pm, Monday–Friday) to help you establish your tax identity.

QC 73095

Access due to a terminal medical condition

How to access your super early if you have a terminal medical condition.

Last updated 27 September 2024

On this page

[What is a terminal medical condition](#)

[Accessing your super](#)

[Access to ATO-held super](#)

[Refund of tax paid on super](#)

What is a terminal medical condition

A terminal medical condition exists if **all** these conditions are met:

- Two registered medical practitioners have certified, jointly or separately, that the person suffers from an illness or an injury that is likely to result in the death of the person within 24 months of the date of the certification.
- At least one of the registered medical practitioners is a specialist practising in an area related to the illness or injury suffered by the person.
- The 24 month certification period from the date of the certifications (see point 1 above) has not ended.

Note that you can apply for **early release on compassionate grounds** (under different rules) to pay for certain medical expenses including medical treatment, medical transport and palliative care.

Accessing your super

You can ask your super fund to release your super benefits if you have a terminal medical condition. There are no set limits on the amount you can withdraw from your super. However, payments are subject to the rules of your fund.

If you satisfy this condition of release, any benefits that have accrued up to that point become **unrestricted non-preserved benefits**. Any additional benefits you accrue during the 24 month certification period also become unrestricted non-preserved benefits. These can be accessed as a tax-free lump sum payment if you withdraw it within 24 months of certification.

Any balances remaining after the certification period ends can be accessed at any time but may not be tax-free.

Any benefits that accrue after the certification period are not covered by the original terminal medical condition of release. You should speak to your super fund about what new certification may be required.

When you receive a tax-free super lump sum payment:

- your provider doesn't have to give you a payment summary
- you don't need to include the amount on your tax return

If you're thinking about rolling over your super to another fund or have already made a rollover request, make sure you complete the rollover before applying to access your super due to a terminal medical condition. If you don't do this, there may be adverse tax consequences. For more information see **Transferring or consolidating your super**.

Note that you can apply for **early release on compassionate grounds** (under different rules) to pay for certain medical treatments, medical transport and palliative care expenses.

How tax applies

A payment from your provider will be made as a tax-free super lump sum payment as long as your super is in a complying super plan or annuity scheme.

For the payment to be tax-free you must have a terminal medical condition either:

- at the time of the payment
- within 90 days of receiving the payment.

A complying super plan is either a:


- complying super fund

- public sector super scheme that is either
 - a regulated super fund
 - an exempt public sector super scheme
- complying approved deposit fund
- retirement savings account.

Access to ATO-held super

If you're suffering from a terminal medical condition and you have super held by us you can either:

- ask your provider to claim this on your behalf
- claim it directly from us yourself.

To apply online, sign in to your [myGov account](#)  linked to ATO online services. From the ATO online services home page, select:

- **Super**
- then **Manage**
- then **Withdraw ATO-held super.**

Alternatively you can download the paper form **Application for payment of ATO-held superannuation money.**

How tax applies

Any amount claimed directly from us during a period of certification is treated as a tax-free lump sum.

Proof of your condition

We'll only ask for you to prove your terminal medical condition once during a period of certification. If you have previously informed us of a terminal medical condition and would like to claim your super credit balance in a lump sum direct payment, you will not be asked to reprove your condition. As long as proof was provided within the certification period.

Once the certification period on your terminal medical condition has expired, if more super has accrued in your account you can claim this

directly from us. You must provide new proof of a terminal medical condition that will start another 24 month certification period.

Refund of tax paid on super

If you received a lump sum super payment before you knew you had a terminal medical condition, you may be eligible for a refund of the tax you paid on the lump sum.

You need to give your super fund the required medical certification stating that you had a terminal medical condition either:

- at the time of the payment
- within 90 days of receiving the payment.

If you're requesting the refund before the end of the financial year in which the payment was made, you should request the refund from your super fund. If it's in the following financial year you should request the refund from us.

In your request provide:

- a copy of your medical certification (certified by 2 medical practitioners)
- the payment summary from your fund
- your bank account details (if you want us to pay your refund directly into your account).

If your fund refuses to refund the tax paid you can apply to us. You'll need to provide evidence your fund has refused to refund the tax.

Send your application to us by:

- fax to **1300 669 756**
- mail to

Australian Taxation Office
PO BOX 3100
PENRITH NSW 2740

First home super saver scheme

How you can use some of your eligible voluntary super contributions to help buy your first home.

Last updated 17 March 2025

On this page

[About the FHSS scheme](#)

[Is FHSS right for me?](#)

[Eligibility](#)

[Things to consider before starting a FHSS determination request](#)

[When you need your FHSS amount](#)

[Completing your tax return](#)

[State government concessions](#)

[FHSS eligibility due to financial hardship](#)

[Study and training support loans](#)

About the FHSS scheme

The first home super saver (FHSS) scheme allows you to make personal voluntary contributions into your super fund to help you save for your first home.

Concessional contributions are taxed at only 15%, which is usually less than your marginal income tax rate. Assessable FHSS amounts also benefit from a 30% FHSS tax offset.

Using the FHSS scheme, you can contribute up to a maximum of \$15,000 in any one financial year, up to a maximum of \$50,000 across all years.

Considering the annual and overall limits, you can withdraw:

- 100% of your eligible personal voluntary contributions you haven't claimed a tax deduction for (non-concessional contributions)

- 85% of your eligible salary sacrifice contributions (concessional contributions)
- 85% of eligible personal voluntary super contributions you have claimed a tax deduction for (concessional contributions)

You will also be able to access an amount of associated earnings on both concessional and non-concessional contributions.

You don't need to be an Australian citizen or Australian resident for tax purposes to use the FHSS scheme.

It's important you request a FHSS determination before ownership of any real property transfers to you (generally following settlement of a property contract).

When you're ready to use the funds to help buy a home in Australia, you can submit a request to release your FHSS amount plus associated earnings.


The content on this page explains the basics of the FHSS.

For technical information on the FHSS scheme, see *Guidance Note GN 2024/1 First home super saver scheme*.

For more information we have guidance material, see *Taxation Ruling TR 2024/4 First home super saver scheme*.

Is FHSS right for me?

The FHSS isn't right for everybody. Make sure you understand the [eligibility criteria](#), conditions of release, and if your fund will release FHSS amounts before you start saving in your super fund.

You can also visit the ATO Publication Ordering Service to place an order or download our [FHSS scheme essentials](#) . This publication summarises everything to consider if you're planning to use your super savings to purchase your first home.

Impacts of using the FHSS scheme

The following are possible impacts of using the FHSS scheme:

- Assessable FHSS amounts will affect your tax – you will receive a payment summary from us, and you will need to include both the

assessable and tax-withheld amounts in your tax return in the year in which you make the request to release.

- Your assessable FHSS released amount is not included in your assessable income for calculating family assistance and child support payments.
- If you have an outstanding debt with the ATO or another Commonwealth agency, your FHSS release amount
 - may be offset against this debt
 - could be reduced (including to nil)
 - will take longer to be released to you.

Other considerations when using the FHSS scheme

If you use the FHSS scheme to buy your first home, you must genuinely intend to occupy the property as a home as soon as practicable after purchase and do so for at least 6 of the first 12 months from when it is practicable to occupy it.

You can't use the FHSS scheme to purchase:

- vacant land – but the contract can be for the construction of a home on vacant land, provided ownership of the vacant land has not transferred to you before applying for a FHSS determination. The contract to construct the home on the vacant land must be entered into within 12 months (or other period allowed) from the date you requested a FHSS release
- any premises not capable of being occupied as a residence
- a houseboat
- a motor home.

Eligibility

The FHSS scheme can be used to purchase or build residential property in Australia for you to live in as your first home.

Eligibility is assessed on an individual basis. This means that couples, siblings or friends can each access their own eligible FHSS contributions to purchase the same property. If any of you have

previously owned a home, it will not stop anyone else who is eligible from applying.

To use this scheme, you must satisfy **all** the following conditions:

- You're 18 years old or older when requesting a FHSS determination – your FHSS determination can include eligible contributions that were made before you turned 18.
- You're a first home buyer, having never owned property in Australia – this includes an investment property, vacant land, commercial property, a lease of land, or a company title interest in land.
- Your name must be on the title of the property you buy.
- You don't have a completed release request in relation to a FHSS determination made in relation to you.

If you've previously owned property, you may still qualify if we determine that you've suffered a FHSS financial hardship.

Things to consider before starting a FHSS determination request

Before you start making contributions under the FHSS scheme you should:

- read and understand all the requirements of the FHSS scheme to [ensure it is right for you](#), including considering whether you need independent financial advice
- check that your nominated super fund(s) will release FHSS amounts
- check that your [contributions are eligible](#) for use under the FHSS scheme
- ask your fund about any fees, charges and insurance implications that may apply
- check that your super fund has your current contact details – ensuring your name and address in the super fund's records exactly match the details we have for you in our records.

There is no need for you to notify your employer, super fund or the ATO before making contributions for FHSS purposes.

Eligible contributions

You can only access eligible contributions that have been made on or after 1 July 2017 under the FHSS scheme. These include:

- **voluntary concessional contributions** – including salary sacrifice amounts or non-concessional contributions you have claimed or intend to claim a tax deduction for (taxed at 15% in your fund)
- **voluntary non-concessional contributions** – including personal after-tax contributions you haven't claimed a tax deduction for (not taxed in your super fund)
- certain KiwiSaver and other transfer amounts from foreign super funds - for more information, see *GN 2024/1 First home super saver scheme*.

An eligible KiwiSaver amount must be included in your FHSS determination request as a single personal voluntary (after tax) contribution, with the date it was credited to your Australian super fund account. You can't split this contribution over different financial years.

Contributions you make for FHSS purposes are not accounted for separately in your super account(s), and you're not required to withdraw them to purchase a home if your circumstances change. If you don't release contributions under the FHSS scheme, they remain part of your super interest, until you meet another condition of release for example, retirement.

Ineligible contributions

The following contributions are **not** eligible:

- contributions made before 1 July 2017
- super guarantee (SG) contributions made by your employer
- contributions to defined benefit interests or constitutionally protected funds
- mandated employer or member contributions made for you under an award or industrial agreement
- member contributions made for you by your spouse, parent or other friends or family
- amounts you receive under a contributions-splitting arrangement
- government co-contributions

- contributions under a structured settlement or personal injury order
- amounts contributed to super as part of the small business CGT concessions
- amounts transferred from a KiwiSaver scheme that are Australian-sourced amounts or returning New Zealand-sourced amounts
- **applicable fund earnings** from a foreign fund transfer you elect to include in the receiving fund's assessable income
- contributions that are mandatory under a state or territory law or the rules of a fund
- excess concessional or non-concessional contributions, which are not eligible even if they otherwise would have been before they were identified to be in excess of the relevant contribution cap for the applicable income year
- COVID-19 early release of superannuation re-contributions.

If there are any of these amounts in your request for a FHSS determination, your request may be delayed or cancelled.

How much you can access

Your FHSS maximum release amount comprises your FHSS releasable contributions together with associated earnings calculated by reference to those contributions.

Your eligible non concessional or concessional contributions made under the FHSS scheme are subject to the following limits:

- \$15,000 of total contributions made in a particular financial year starting on or after 1 July 2017
- \$50,000 of total contributions made from 1 July 2017

When calculating your maximum releasable amount, your eligible contributions are included as follows:

- 100% of your non-concessional contributions, and
- 85% of your concessional contributions

You will also be able to access an amount of associated earnings on both concessional and non-concessional contributions.

When considering the annual limit of \$15,000 and the overall limit of \$50,000, 100% of non-concessional contributions and only 85% of concessional contributions will count towards the FHSS maximum release amount calculation.

To determine how much of the annual limit (\$15,000) and overall year limit (\$50,000) you have used, you need to assess all voluntary contributions in full regardless of if they are concessional or non-concessional.

Example: salary sacrifice and the annual \$15,000 limit

In the 2023–2024 financial year, Mary made \$25,000 salary sacrifice (concessional contributions). Because of the annual limit, only \$15,000 will count as eligible FHSS contributions and only 85% of that \$15,000 (\$12,750) will count towards the calculation of the maximum releasable amount.

In this example, the remaining \$10,000 salary sacrifice contributions cannot be counted towards her maximum releasable amount.

You can't use the FHSS scheme to access concessional and non-concessional contributions that exceed the legislated contributions caps. You can check your eligible contributions with your super fund(s) at any time to see how much you have saved. This will help you keep track of the maximum FHSS amount you can have released.

Note: Associated earnings are a notional amount of earnings calculated at the shortfall interest charge rate.

How your voluntary contributions are ordered

When you make voluntary contributions into super, the order and type of the contributions can make a difference to the amount released under the FHSS scheme.

We apply the following ordering rules when calculating your FHSS maximum release amount:

First in first out

The First-in first-out rule applies. This means contributions you make in an earlier financial year are counted before contributions in a later financial year. Your contributions within a financial year are counted in the order you make them.

Simultaneous contributions

A simultaneous contributions rule applies – this means that if you make an eligible concessional contribution and an eligible non-concessional contribution at the same time (such as in the same payroll process), your non-concessional contributions are taken to be made first. This is to maximise the FHSS release amount, due to 100% of non-concessional counting towards the release amount. Whereas only 85% of concessional contributions are included in your release because they have been taxed at 15% in your super fund.

Maximum release amount

The FHSS maximum release amount is the sum of your eligible contributions, taking into account the yearly and total limits, and associated earnings. This amount includes:

- 100% of your eligible personal voluntary super contributions you haven't claimed a tax deduction for (non-concessional contributions)
- 85% of your eligible salary sacrifice contributions (concessional contributions)
- 85% of eligible personal voluntary super contributions you've claimed a tax deduction for (concessional contributions)
- deemed earnings associated with these contributions (this will be different from actual earnings in your super fund).

When you need your FHSS amount

- [Step 1: Request a determination](#)
- [Step 2: Request the release of your super savings](#)
- [Step 3: Signing a contract for a home and notifying us](#)
- [Step 4: Receiving your FHSS amount](#)

When you're ready to withdraw your FHSS amounts, you first need to apply to us for a [FHSS determination](#) and then request a [release](#).

When you can sign your contract

You must request a FHSS determination before ownership of any real property transfers to you (generally following settlement of a property contract, including a contract to purchase vacant land).


Once ownership of real property has transferred to you, you're no longer eligible to request a FHSS determination. For more information see *GN 2024/1 First home super saver scheme*.

For information on when you need to sign a contract to buy or build your first home, see [Signing a contract for a home and notifying us](#).

Step 1: Request a determination

[Log in to ATO online services through myGov](#)

To apply:

- Log in to ATO online services through [myGov](#) 
- select **Super**, then **Manage**, then **First home saver**.

If you don't have a myGov account, [create one and link it to the ATO](#).

Completing the determination request form

You can request a determination on more than one occasion, and you will need a determination before you can make a release request.

Most contributions will be pre-filled in the online FHSS determination request from information reported to us by your super fund. But you need to check the details are correct before submitting it because any errors will delay your release or may lead to you receiving the incorrect FHSS amount.

Things to consider

If you're adding details of contributions that have not been pre-filled, use your super fund statement or transaction list to confirm the dates, amount, and type of each contribution.

If you made salary sacrifice contributions during the 2017–18 financial year you will need to add the details of those contributions.

When determining the year in which a contribution has been made, use the date the contribution was received by your super fund, not the

date you or your employer paid it.

Don't use your payslips to complete your request for a FHSS determination as this doesn't provide the date your contributions were received by your super fund.

We will check that the contributions in your request for a FHSS determination match contribution details reported to us by your super fund. You may be required to provide additional evidence of your contributions before we release your FHSS amounts.

You'll also need to include the year and amount of any tax deductions for contributions you have claimed or intend to claim in your tax returns.

You must confirm as part of your release application that you won't claim further tax deductions for the non-concessional contributions included in the determination.

When you apply for a FHSS determination, we'll tell you your [maximum FHSS release amount](#).

Once you have received your determination

If there is incorrect information in your FHSS determination and you later request a release based on that incorrect information, your request may be delayed. Your release may also be cancelled.

Before you request a release make sure you resolve any issues, including:

- checking you agree with the amounts shown in your FHSS determination.
- if there is an error in your FHSS determination you can correct this by requesting another determination, provided ownership of any real property has not transferred to you and you haven't requested a release at the time you request a new FHSS determination, you must meet the eligibility requirements
- correcting errors by amending your FHSS determination using ATO online services – you must also meet the eligibility requirements at that time for us to be able to amend your FHSS determination
- if you meet the eligibility requirements and are deciding between requesting a new FHSS determination and amending your existing FHSS determination, you should be aware that a new determination

is the only way to include additional contributions made and associated earnings after the date of your existing FHSS determination in the FHSS maximum release amount. Amending your determination may result in your maximum release amount being lower than if you request a new determination

- if you have a determination on or before 14 September 2024, you can't cancel or amend your determination using ATO online services. However, you can request a new determination if you meet the eligibility criteria
- object to the FHSS determination if you believe it is incorrect due to our error.

Step 2: Requesting the release of your super savings

After you have a FHSS determination and are ready to access your FHSS amount, you can then request a release. You must have a FHSS determination before you request a release.

When you request a release, you will need to choose the FHSS determination you are basing your request on and give us some information including:

- the amount you wish to be released
- the super fund or funds that you wish the amount to be released from
- the bank account you wish us to pay your released amount to.

You can request a release of any amount up to your FHSS [maximum release](#) amount shown on your FHSS determination.

You can only have one active release request, even if you have requested an amount less than your FHSS maximum release amount. You must ensure your release request includes the total amount you want to have released under the FHSS scheme.

You can make a release request:


- before you sign a property contract, or
- within a limited period of time after signing a contract
 - if your FHSS determination was made on or after 15 September 2024, you should make a release request within 90 days of

signing the contract

- if your FHSS determination was made on or before 14 September 2024, you should make a release request within 14 days of signing the contract.
- If you make a valid release request after signing your contract and outside of these timeframes, you'll be subject to [FHSS tax](#).
- If you made a mistake or don't wish to proceed:

[Log in to ATO online services through myGov](#)

To make the changes:

1. Log in to ATO online services through [myGov](#) .
2. Select **Super**, then **Manage**, then **First home saver**.

We won't be able to take any action to correct any mistakes or to stop your release request after we have started processing amounts your super fund sends to us.

If you're unable to make changes in ATO online services, this may be because we have started processing amounts.

The time you have to make changes to your request will vary, depending on when your super fund sends your FHSS amount to us.

After you make your release request, it may take between 15 and 20 business days for you to receive your money. You should consider this timing when you start your home buying activities.

You will be notified in writing once your super fund has released the amount requested to us, in full, partially or if it was unable to be released.

Previous unsuccessful requests

Changes to the first home super saver (FHSS) scheme which came into effect on 15 September 2024 may now allow some individuals who were previously unsuccessful in releasing amounts under the FHSS scheme, to now access eligible amounts.

If you attempted to use the FHSS scheme between 1 July 2018 and 14 September 2024 and didn't receive an FHSS amount, you can find out if you are now eligible to access an FHSS amount.

Step 3: Signing a contract for a home and notifying us

If your determination was made on or after the 15 September 2024, then during the period starting 90 days before requesting your FHSS release amount and ending **12 months** (or other period we've allowed) after the date of your request you need to sign a contract to purchase or construct a home or re contribute the released amount to your super fund.

If your determination was made on or before the 14 September 2024, then during the period starting 14 days before requesting your FHSS release amount and ending **12 months** (or other period we've allowed) after the date of your request you need to sign a contract to purchase or construct a home or re contribute the released amount to your super fund.

We may grant you an extension of time to sign a contract for a further 12 months – up to a maximum of 24 months after the date of your release request.

You don't need to apply for this extension – we will generally grant it unless we have reason to believe that doing so would be inappropriate. We will notify you if an extension is granted.

If you still haven't signed a contract to purchase or construct a home by the end of the 24-month period, you must have either:

- re contributed an amount into your super fund(s) that is at least equal to your [assessable FHSS released amount](#), less any tax withheld
 - this amount is stated in your payment summary and may be less than the total amounts released to you
 - this amount must be a non-concessional contribution and you can't claim a tax deduction for it
- decided to keep the released amount and be subject to FHSS tax, a flat tax equal to 20% of your assessable FHSS released amount.

Notify us


If you sign a contract to purchase or construct your home, and the FHSS determination you used to make your FHSS release request was made on or after 15 September 2024, you must notify us within 90 days (or other period we allow) of signing the contract.

If you sign a contract to purchase or construct your home, and the FHSS determination you used to make your FHSS release request was made on or before 14 September 2024, you must notify us within 28 days (or other period we allow) of signing the contract.

If you recontribute the assessable FHSS amount (less tax withheld) into your super fund, you must notify us within 12 months of the date you request the release of your FHSS money.

If you don't notify us that you have done one of the above or you choose to keep the FHSS amount, you may be subject to FHSS tax.

You can notify us online:

1. Log in to ATO online services through [myGov](#) .
2. Select **Super**, then **Manage**, then **First home saver**.

Step 4: Receiving your FHSS amount

After you have made a valid release request, we'll issue a release authority to your super fund(s) requesting they send your FHSS release amounts to us.

Before we send any amounts released by your super fund to you, we will:

- withhold the appropriate amount of tax
- offset the remaining amount against any outstanding debts with the ATO or another Commonwealth government agency you may have.

In most cases, it will take between 15 and 20 business days for your fund to release your money and for us to pay it to you.

A payment summary will be sent to you at the end of the financial year. It will show your assessable FHSS released amount, which comprises:

- concessional contributions
- associated earnings on both concessional and non-concessional contributions.

You need to include the amount stated in your payment summary, in your tax return for the financial year you request the release – this may be different to the financial year you receive the FHSS amount.

Your payment summary will also show details of any tax withheld, which also needs to be included in your tax return. The tax payable on

this assessable amount will receive a 30% tax offset.

Withholding tax

When we receive your released amounts, we will withhold tax based on either:

- your expected marginal tax rate, including Medicare levy, less a 30% tax offset
- 17% if we're unable to estimate your expected marginal rate.

The tax withheld is calculated on your assessable FHSS released amounts and will help you meet your end of year tax liabilities.

When you lodge your tax return, we will know your actual marginal tax rate for the year in which you requested the release and will recalculate your tax liability on the released amount.

We will take into account the tax that has already been withheld from your assessable FHSS released amount, together with the 30% tax offset.

Your payment summary will show the assessable FHSS amount and the amount of tax withheld.

Completing your tax return

You must include the assessable FHSS released amount as assessable income and tax withheld shown on your payment summary in your tax return for the year you requested the release.

For example, if you request a release of FHSS amounts on 30 June 2024, include the amount in your 2023–24 tax return – even though you won't receive the released amount until July 2024.

We will only issue your payment summary once all your FHSS amounts have been released by your super funds. This could be several weeks after the end of the financial year.

State government concessions

The FHSS scheme is separate to other concessions offered by state governments.

Using other state government concessions as a first home buyer doesn't impact your ability to access the FHSS scheme.


If you want to access state government concessions as a first home buyer, you will need to check with the relevant state government authority to confirm you meet the eligibility criteria for each concession, including whether using the FHSS scheme may impact your ability to access those concessions.

FHSS eligibility due to financial hardship

You may still be eligible to use the FHSS scheme, even if you have previously owned property in Australia, if we determine you have suffered an FHSS financial hardship that resulted in a loss of ownership of all property interests.


The events that could result in the loss of property interests include:

- bankruptcy
- divorce, separation from a de-facto partner, or a relationship breakdown
- loss of employment
- illness
- being affected by a natural disaster.

This hardship process is only for those who wish to use the FHSS scheme. See [How to apply](#)  for information on how to apply for early access if you're experiencing severe financial hardship unrelated to saving for your first home.

How to make a FHSS hardship application

If you want to be considered under the FHSS financial hardship provision you can apply by either:

- logging in to ATO online services through [myGov](#) 
 - select **Super**, then **Manage**, then **First home saver**
 - answer the first 3 questions in the FHSS determination, select the link to **Submit a hardship application form**
- completing a First home super saver scheme hardship application form.

You should apply to us before you start saving, so you know if you will be able to release amounts from your super using the FHSS scheme.

You must provide evidence with your application that demonstrates the link between the loss of your property and your hardship event.

If we accept you have suffered a financial hardship, you must also meet the following conditions at the time you lodge your FHSS determination form:

- you haven't acquired a subsequent interest in real property in Australia since you lost the property because of financial hardship
- you are 18 years old or older
- you haven't previously made a FHSS release request.

Study and training support loans

If you make salary sacrifice contributions into super, they will be a reportable employer super contribution in that income year. These contributions are included in your repayment income for study and training support loans.

You will need to review your pay as you go (PAYG) withholding arrangements with your employer, so the tax they withhold from your salary and wages during the year is enough to cover the amount you're liable to pay.

When you withdraw contributions under the FHSS scheme they are not part of your repayment income in the year you request the withdrawal.

Study and training support loans include:

- Higher Education Loan Program (HELP)
- Student Start-up Loan (SSL) and ABSTUDY SSL schemes
- Australian Apprenticeship Support Loan (AASL) previously known as Trade Support Loan (TSL)
- Student Financial Supplement Scheme (SFSS).

Previous unsuccessful first home super saver requests



Changes to the law mean some previously unsuccessful applicants may now be able to release a FHSS amount.

QC 54085

Previous unsuccessful first home super saver requests

Changes to the law mean some previously unsuccessful applicants may now be able to release a FHSS amount.

Last updated 16 September 2024

On this page

[If you previously applied for FHSS scheme](#)

[Work out your eligibility for the FHSS scheme](#)

If you previously applied for FHSS scheme

Changes to the first home super saver (FHSS) scheme may allow previously unsuccessful applicants to now have a FHSS amount released. These changes take effect from 15 September 2024.

If you've already had a FHSS amount released

If you've previously had an amount released from your super under the FHSS scheme, you can't access the scheme again. This includes if you had a FHSS amount offset against a Commonwealth debt.

These changes do not apply to you, and you cannot request to have additional amounts released.

If you now own a property

If you previously applied and did not receive a FHSS amount, you may now be able to access the FHSS scheme if you meet all the following:

- You received a FHSS determination before 15 September 2024.

- You haven't received any FHSS amount (including having an amount offset against Commonwealth debt).
- Ownership of real property transferred to you (generally following settlement of a property contract) after the relevant determination was made.

If these circumstances apply you can only request an amount up to the maximum amount you could have had released at the time your original determination was made. This means you can only use eligible contributions from 1 July 2017 up to the date of your original determination.

Accessing the FHSS scheme when you now own property

There is a period of 3 years from 15 September 2024 to 14 September 2027 for eligible previous applicants who now own property to access the scheme.

We will use the information we hold to consider whether you can request a release under the FHSS scheme. If you can, we will contact you to confirm that you still wish to use the scheme and whether you want to submit a new release request. You don't need to contact us.

When we contact you, we may also ask for information about your eligible contributions and documents related to the purchase of your property.

If you do not yet own a property

If you applied before 15 September 2024 and did not have a FHSS amount released and you do not yet own a property, then you can reapply for the FHSS scheme.

You can reapply any time as long as you have made **eligible contributions** to your super fund(s). To reapply you can either:

- request a new FHSS determination
- submit a release request using an existing FHSS determination.

Work out your eligibility for the FHSS scheme

The table below explains the new eligibility criteria for the FHSS scheme from 15 September 2024.

Summary of the changes to the FHSS scheme from 15 September 2024

Before the law changes	After the law changes (from 15 September 2024)
<p>There is a limited time where changes can be made or where errors can be fixed.</p> <p>You cannot stop using the FHSS scheme after making a release request if you change your mind.</p>	<p>Changes can be made to your participation in the FHSS scheme and errors can be fixed, including if you change your mind before we've started processing amounts your super fund sends to us.</p>
<p>You must have applied for your FHSS determination before signing a contract for any property.</p>	<p>You must have applied for a FHSS determination from us before any property contract is completed (generally known as settlement) and ownership of the real property transfers to you.</p>
<p>You can request a release up to 14 days after you enter into a contract to purchase or construct a home.</p> <p>You have up to 2 years to sign a contract to purchase or construct your home, after the date you made a valid release request.</p>	<p>You can request a release up to 90 days after you enter into a contract to purchase or construct a home. You must have a FHSS determination before you submit a release request and you need a determination before you settle on a property.</p> <p>You have up to 2 years to sign a contract to purchase or construct your home, after the date you made a valid release request.</p>
<p>Users of the FHSS scheme who made errors have no ability to correct them and are unable to make further release requests.</p>	<p>If you now own a property and your previous application for a FHSS release was unsuccessful, you may now be able to request a release if you:</p>

- received a FHSS determination before 15 September 2024
- haven't already received any FHSS amount (including having an amount offset against Commonwealth debt)
- ownership of any real property transferred to you (generally following settlement of a property contract) after the relevant determination was made.

We'll contact prior applicants who meet the eligibility criteria.

If you're eligible, you can't request an amount greater than the maximum amount you could have had released at the time your original determination was made.

If you do not yet own a property:

- If you applied before 15 September 2024 and did not have an amount released and do not yet own a property, then you are able to reapply for the FHSS scheme.
- You can reapply any time as long as you've made eligible contributions to your super fund(s).

[Learn more about applying for the FHSS scheme.](#)

QC 102817

Tax on super benefits

Work out the tax that applies to withdrawals or payments from super.

On this page

[How super is taxed](#)

[How tax applies to your super withdrawals](#)

[Tax-free and taxable super](#)

[You're under your preservation age](#)

[You're between your preservation age and 60 years old](#)

[You're 60 years old or older, or receiving a death benefit \(reversionary\) capped defined benefit income stream](#)

[Untaxed plan cap amount](#)

[Tax on super death benefits](#)

[Tax on military invalidity benefits](#)

How super is taxed

Super may be taxed at 3 points in its life cycle:

- on contributions
- on the investment earnings in the fund, which in the
 - accumulation phase are taxed at 15%
 - retirement phase are tax-free – subject to a lifetime limit on the amount you can transfer into retirement phase (your transfer balance cap)
- on withdrawal, as explained in this page.

How tax applies to your super withdrawals

To withdraw money from super you need to have satisfied a condition of release. Except where indicated, the tax treatment explained here assumes you have satisfied a condition of release.

To work out how your super withdrawal will be taxed you need to know:

- whether the money in your super account is tax-free or taxable – your super benefits generally include both
- your **preservation age** and your age when you get the payment
- whether you get the payment as a **lump sum** or **income stream** (and the type of income stream)
- whether you're receiving a **death benefit income stream**
- whether you exceed the following caps
 - **defined benefit income cap**
 - [low rate cap](#)
 - [untaxed plan cap](#) amount.

These factors determine whether you:

- pay tax on the withdrawal
- get tax offsets that reduce the amount of tax you pay.

To find the tax rates for your super payment, choose the scenario that applies to you at the time you expect to withdraw the super:

- [if your age is less than your preservation age](#)
- [if you're between your preservation age and 60 years old](#)
- [if you're 60 years or older or receiving a capped defined benefit income stream](#)
- [if you're receiving a capped defined benefit income stream that is a death benefit.](#)

Tax-free and taxable super

To understand how your super payment is taxed, you need to know whether the money in your super account when withdrawn is either:

- tax-free – the 'tax-free component' of your super
- taxable – the 'taxable component' of your super, consisting of either or both:
 - a taxed element

- an untaxed element, depending on whether the benefit is paid from a taxed or untaxed source. A super benefit containing an untaxed element is most commonly in a public sector fund.

Your super fund can tell you how much of the money in your super account is tax-free or taxable.

Why some super is tax-free and some taxable

Whether the money in your super account is tax-free or taxable when you withdraw it generally depends on the type of contributions made and whether tax was paid on it:

- Tax-free withdrawals are generally from your **non-concessional (after-tax) contributions**, including personal contributions you made from your after-tax income, unless you were allowed a tax deduction for them.
- Taxable withdrawals are generally from your **concessional (before-tax) contributions** – those made from income before you paid tax on it, including:
 - the super contributions your employer must make for you
 - money you salary sacrifice into super
 - super contributions you were allowed to claim a tax deduction for.

The amount of tax you pay when you withdraw taxable super depends on your age and whether your fund paid tax on it:

- contributions and related investment earnings on which your fund **has paid tax** (at the rate of 15%) forms the 'taxed element' of your taxable super
- any amount included in your taxable super that your fund has not paid tax on forms the 'untaxed element' of your taxable super.

Generally, your super benefit will include both a tax-free and a taxable component. When you make a withdrawal, your fund calculates the components of the withdrawal based on the proportion of components that make up the total value of your super account.

The amount of each component is calculated at the following times:

- each lump sum payment – just before it is paid

- income stream – when the income stream starts
- income stream commuted to a lump sum – the components are calculated when the income stream started. (However, if the income stream is a deferred super income stream, the components are calculated just before the commutation occurred)
- an income stream commuted back into your super – before a new benefit is paid.

For more information, see **Calculating components of a super benefit**.

You can't choose to withdraw only from the tax-free component of your super account unless the total amount of your account is tax-free.

You're under your preservation age

This section applies to you if both:

- you're currently under your **preservation age**
- you were not in receipt of a **death benefit (reversionary) capped defined benefit income stream** where the deceased was 60 years old or older at the time of death.

To work out how your super payment will be taxed you need to know how much of the money in your super account is a:

- tax-free component
- taxable component the super fund paid tax on (taxed element)
- taxable component the super fund has not paid tax on (untaxed element).

Tax on withdrawals of tax-free component

You don't pay tax on the [tax-free component](#) of your super where you:

- withdraw it as a lump sum
- receive an account-based income stream.

Tax may be payable on the tax-free component of your super income stream where:

- you're in receipt of a death benefit capped defined benefit income stream where the deceased was 60 years old or older at the time of

death

- you exceed your defined benefit income cap.

The exception is where you have illegally accessed your super before you met a condition of release. In these circumstances, the entire amount of your super benefit is taxable regardless of whether it has a tax-free component.

Tax on withdrawals of taxable component

The [taxable component](#) of your payment is taxed as shown in this table.

Tax rates on taxable component withdrawals

Type of super	Type of withdrawal	Effective tax rate (including Medicare levy)
Taxable component – taxed element	Income stream	Your marginal tax rate – however, if you receive the income stream as a disability super benefit, you are entitled to a tax offset of 15% on the taxed element
Taxable component – taxed element	Lump sum	Your marginal tax rate or 22%, whichever is lower
Taxable component – untaxed element	Income stream	Your marginal tax rate
Taxable component – untaxed element	Lump sum	Your marginal tax rate or 32%, whichever is lower – unless the sum of the untaxed elements of all super lump sum benefits received under the super plan exceeds the untaxed plan cap .

		Amounts above the cap will be taxed at the top marginal rate. The untaxed plan cap applies separately to each super provider you receive super lump sums from.
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Other tax rates may apply in some special circumstances.

Filling out your tax return

When you withdraw money from super, your super fund will send you a payment summary showing:

- how much of the super you received is taxable and how much is tax-free
- how much tax they withheld from the payment to pay on your behalf
- any tax offset applicable to the taxable element you receive.

When you fill out your tax return you must include the taxable component of your super payment as assessable income.

Only claim tax offsets for super income streams in the offset section of your tax return – tax offsets for super lump sums are calculated by us.

Example: lump sum

Suzi is 50 years old and applies to withdraw some super on compassionate grounds.

Suzi receives a lump sum super benefit of \$11,000. Her fund tells her this consists of a \$1,000 tax-free component and \$10,000 taxable component. The entire taxable super was taxed in the fund.

When Suzi completes her tax return, she includes the \$10,000 taxable component as income. This results in her paying the following effective tax rates.

Effective tax rates paid by Suzi

Type of super	Effective tax rate (including Medicare levy)
Tax-free component: \$1,000	No tax
Taxable component – taxed element: \$10,000	Her marginal tax rate or 22%, whichever is lower

Example: multiple lump sum payments in a year

Frankie is 45 years old, and a military veteran who receives several invalidity super lump sums each year. He is not eligible to have his super lump sums treated as disability super benefits and has not exceeded the untaxed plan cap.

The total of the multiple lump sums he received during the year is \$70,000. At the end of the year his fund gives him a single payment summary showing that \$5,000 was the tax free component, \$45,000 was the taxable component – taxed element and \$20,000 was the taxable component – untaxed element.

This results in him paying the following effective tax rates:

Effective tax rates paid by Frankie

Type of super	Effective tax rate (including Medicare levy)
Tax-free component: \$5,000	No tax
Taxable component – taxed element: \$45,000	His marginal tax rate or 22%, whichever is lower
Taxable component - untaxed element:	His marginal tax rate or 32%, whichever is lower as he is under

\$20,000

the untaxed plan cap.

Example: income stream

George is 53 years old and receives a non-commutable life pension of \$18,000 from his super fund. The payments of George's life pension are super income stream benefits.

His fund tells him the entire amount is a taxable component that was taxed in the fund.

When George completes his tax return, he includes the \$18,000 taxable component as income. He is not eligible to claim the disability super benefit tax offset, so he pays the following effective rate of tax.

Effective tax rate paid by George

Type of super	Effective tax rate (including Medicare levy)
Taxable component – taxed element: \$18,000	His marginal tax rate

You're between your preservation age and 60 years old

To work out how your super payment will be taxed, you need to know how much of the money paid to you was attributable to the following components:

- tax-free component
- taxable component the super provider has paid tax on (taxed element)

- taxable component the super provider has not paid tax on (untaxed element).

Tax on withdrawals of tax-free component

You don't pay tax on the [tax-free component](#) of your super where you:

- withdraw it as a lump sum
- receive an account-based income stream
- receive a capped defined benefit income stream (that was not a death benefit income stream where the deceased was 60 years old or older at the time of death) and you were between your preservation age and less than 60 years old.

The exception is where you have illegally accessed your super before you met a condition of release. In these circumstances, the entire amount of your super benefit is taxable regardless of whether it has a tax-free component.

Tax on withdrawals of taxable component

The [taxable component](#) of your payment is taxed as shown in this table.

Tax rates on taxable component withdrawals

Type of super	Type of withdrawal	Effective tax rate (including Medicare levy), up to the low rate cap	Effective tax rate (including Medicare levy), above the low rate cap
Taxable component – taxed element	Income stream	Your marginal tax rate less 15% tax offset	Your marginal tax rate less 15% tax offset
Taxable component	Lump sum	0%	Your marginal tax rate or 17%,

- taxed element			whichever is lower
Taxable component – untaxed element	Income stream	Your marginal tax rate	Your marginal tax rate
Taxable component – untaxed element	Lump sum	Your marginal tax rate or 17%, whichever is lower	Your marginal tax rate or 32%, whichever is lower – unless the sum of the untaxed elements of all super lump sum benefits received under the super plan exceeds the untaxed plan cap . Amounts above the cap will be taxed at the top marginal rate. The untaxed plan cap applies separately to each super provider you receive super lump sums from

Filling out your tax return

Your fund will send you a payment summary showing:

- how much of the super you received is taxable and how much is tax-free

- how much tax they withheld from the payment to pay on your behalf
- any tax offset applicable to the taxed element you receive.

If you receive a super death benefit capped defined benefit income stream, you will need to use the **Defined benefit income cap tool** to work out what you need to include in your income tax return.

You must include the taxable component of your super payment as assessable income on your tax return.

In the offset section of your tax return, claim only tax offsets for super income streams. Tax offsets for super lump sums are calculated by us.

If you're between your preservation age and 60 years old and receive a lump sum super benefit that includes a taxable component, it is assessable income you must include in your tax return. This is the case even if the amount you receive is below the [low rate cap amount](#) and no tax has been withheld by your fund.

Example: lump sum

Tony is 58 years old and is retired. He receives his first lump sum super payment of \$350,000 on 25 July 2021. His fund tells him this amount consists of a \$100,000 tax-free component and a \$250,000 taxable component. All the taxable component was taxed in the fund.

Tony includes the \$250,000 taxable component as income on his 2021–22 tax return. This results in him paying the following effective rates of tax:

Effective tax rates paid by Tony

Type of super	Effective tax rate (including Medicare levy)
Tax-free component: \$100,000	No tax
Taxable component – taxed element (up to the low rate	0%

cap): \$225,000

Taxable component – taxed element (over the low rate cap): \$25,000

17%

Example: multiple lump sum payments in a year

Peta is 59 and a military veteran who receives several invalidity super lump sums each year.

She is not eligible to have her super lump sums treated as disability super benefits. She has exceeded both the low rate cap and untaxed plan cap from past year super lump sum payments. The total of these super lump sums during the 2020–21 year is \$105,000.

At the end of the year, her fund gives her a single super lump sum payment summary showing that \$20,000 was the tax-free component, \$40,000 was the taxable component – taxed element and \$45,000 was the taxable component – untaxed element.

This results in her paying the following effective tax rates:

Effective tax rates paid by Peta

Type of super	Effective tax rate (including Medicare levy)
Tax-free component: \$20,000	No tax
Taxable component – taxed element: \$40,000	Her marginal tax rate or 17%, whichever is lower
Taxable component – untaxed element: \$45,000	The top marginal tax rate

Example: transition to retirement income stream

Jenny is 58 years old and has begun a transition to retirement income stream. In addition to her income from employment (\$40,000 a year), she gets a transition to retirement income stream from her super as an annual payment.

On 29 August 2021, she receives \$28,000. Her fund tells her it is all a taxable component that was taxed in the fund. It also tells her she is able to claim a 15% tax offset.

Jenny includes the \$28,000 as income on her tax return. She claims a tax offset that results in her paying the following effective rate of tax on the income stream:

Effective tax rate paid by Jenny

Type of super	Effective tax rate (including Medicare levy)
Taxable component – taxed element: \$28,000	Her marginal tax rate less 15% tax offset

Low rate cap amount

The low rate cap amount applies if you reach your preservation age but are under 60 years old.

The low rate cap is a limit on the amount of taxable components (taxed and untaxed element) that can be taxed at a concessional (lower) rate of tax.

It's a lifetime cap, which is reduced by any taxable component you receive from any payer after you reach your preservation age (it cannot be reduced below zero).

Once you reach the low rate cap, any further money you withdraw as a lump sum is taxed at a different rate.

The low rate cap is \$230,000 in 2022–23. For previous years, see [Low rate cap amount](#).

If you're between your preservation age and 60 years old and receive a lump sum super benefit that includes a taxable component, you must include it in your tax return. This is the case even if the amount you receive is below the low rate cap amount and zero tax has been withheld by the super fund.

Example: low rate cap

In 2018–19, Talise was 58 and received super lump sum payments with taxable components totalling \$150,000.

In 2019–20 the low rate cap was \$210,000. For Talise, this is reduced by the taxable components she had previously received (\$150,000) to \$60,000. Talise also receives super lump sum payments with taxable components totalling \$90,000. Of this, \$30,000 will be in excess of the low rate cap and will be taxed at:

- the lower of her marginal tax rate or 17% on any taxed element
- the lower of her marginal tax rate or 32% on any untaxed element.

You're 60 years old or older, or receiving a death benefit (reversionary) capped defined benefit income stream

This section applies if you're:

- 60 years old or older and have a capped defined benefit income stream
- less than 60 years old and receiving a death benefit (reversionary) capped defined benefit income stream where the deceased was 60 years old or older at the time of death
- 60 years old or older and receiving a super income stream that is not a capped defined benefit income stream and you have an

untaxed element

- 60 years old or older and receiving a super lump sum and you have an untaxed element.

Where you are receiving an account-based pension, you don't pay tax on the [taxed element or tax-free component](#) after you turn 60 years old.

To work out how your super payment is taxed you need to know:

- your defined benefit income cap (if applicable)
- whether the income stream is a death benefit (reversionary) income stream
- the amount of the
 - tax-free component
 - taxable component that the super fund has paid tax on (taxed element)
 - taxable component that the super fund has not paid tax on (untaxed element).

Tax on withdrawals of tax-free component

You don't pay tax on the tax-free component of your super where you withdraw it as a lump sum.

You may be required to include the tax-free component in your assessable income where you're receiving a capped defined benefit income stream and both of the following apply:

- you're receiving a death benefit income stream where the deceased was aged 60 years or older at the time of death
- the combined total of your tax-free component and taxed element (taxed source) is in excess of your defined benefit income cap.

The exception is where you have illegally accessed your super before you met a condition of release. In these circumstances, the entire amount of your super benefit is taxable regardless of whether it has a tax-free component.

Tax on withdrawals of taxable component (including an account-based income stream)

Type of withdrawal	Type of component	Effective tax rate (including Medicare levy)
Income stream	Taxable component – taxed element	No tax
Income stream	Tax-free component	No tax
Lump sum	Taxable component – taxed element	No tax
Income stream	Taxable component – untaxed element	Your marginal tax rate
Lump sum	Taxable component – untaxed element	Your marginal tax rate or 17%, whichever is lower – unless the sum of the untaxed element of all super lump sum benefits received under the super plan exceeds the untaxed plan cap. Amounts above the cap are taxed at the top marginal rate. The untaxed plan cap applies separately to each super fund you receive super lump sums from

Tax on withdrawals of a capped defined benefit income stream

Type of withdrawal	Type of super	Effective tax rate (including Medicare levy)
Income stream	Tax-free component and or taxable component – taxed	50% of the amount above the cap is assessed at your

	element is above the defined benefit income cap	marginal tax rates. This is known as 'assessable amount from your capped defined benefit income stream'
Income stream	Tax-free component and or taxable component – taxed element is below the defined benefit income cap	No tax
Income stream	Taxable component – untaxed element	Your marginal tax rate

Filling out your tax return

Your fund will send you a payment summary showing:

- how much of the super you received is taxable and how much is tax-free
- how much tax they withheld from the payment to pay on your behalf
- the tax offset amount, which should be blank as you will need to determine how much offset you're entitled to
- whether you're receiving a capped defined benefit income stream where the deceased was older than 60 years old at the time of death.

If you're receiving a super lump sum payment, you don't include in your tax return the tax-free component or the taxed element of the taxable component of your super lump sum payment.

Tax offsets for super lump sums are calculated by us.

Example: lump sum

Mei is 60 years old and receives a lump sum of \$380,000 from her super on 25 September 2021.

The payment consists of a \$45,000 tax-free component and a \$335,000 taxable component. The taxable component includes \$130,000 that was taxed in the fund and \$205,000 that the fund has not paid tax on.

Mei includes the \$205,000 as income on her tax return and pays the following effective rates of tax:

Effective tax rates paid by Mei

Type of super	Effective tax rate (including Medicare levy)
Tax-free component: \$45,000	No tax
Taxable component – taxed element: \$130,000	No tax
Taxable component – untaxed element: \$205,000	Her marginal tax rate or 17%, whichever is lower (the untaxed element of the lump sum is less than the untaxed plan cap for 2021–22 of \$1.615 million)

Example: multiple lump sum payments in a year

Howard is 72, and a military veteran who receives several invalidity super lump sums each year. He is not eligible to have his super lump sums treated as disability super benefits. He has exceeded the untaxed plan cap. The total of these super lump sums during the year is \$105,000.

At the end of the year, his fund gives him a single super lump sum payment summary showing that \$20,000 was the tax-free component, \$40,000 was the taxable component – taxed

element and \$45,000 was the taxable component – untaxed element.

This results in him paying the following effective tax rates:

Effective tax rates paid by Howard

Type of super	Effective tax rate (including Medicare levy)
Tax-free component: \$20,000	No tax
Taxable component – taxed element: \$40,000	No tax
Taxable component – untaxed element: \$45,000	The top marginal tax rate

If you're receiving a capped defined benefit income stream, you must include in your tax return the:

- untaxed element of the taxable component of your super payment as assessable income
- assessable amount from your capped defined benefit income stream – you may need to use the **Defined benefit income cap tool**.

Find out more on how to fill in your tax return at [7 Australian annuities and super income streams](#).

In the offset section of your tax return, claim only tax offsets for super income streams. Find out more about how to work out your tax offset at [T2 Australian super income stream](#).

Example: capped defined benefit income stream

John is 62 years old and received a capped defined benefit income stream of \$117,000 in 2020–21.

The payment was for the full year and made up of a \$67,000 tax-free component and a \$50,000 taxable component – taxed element.

John includes the following in his tax return:

Type of super:

- Tax-free component + taxed element = \$117,000
- Defined benefit income cap \$100,000
- $\$117,000 - 100,000 = 17,000$
- Assessable amount from a capped defined benefit income stream is $\$17,000 \div 2$ (50% of the amount over the cap)
- John includes \$8,500 at 7M on his tax return.

John pays tax on the \$8,500 (50% of the amount above the cap) at his marginal tax rate.

Untaxed plan cap amount

The untaxed plan cap amount is the maximum amount of the untaxed elements taxed at concessional rates. Amounts above the untaxed plan cap are taxed at the top marginal rate.

The untaxed plan cap is a per plan limit that applies separately to each super fund you receive a super lump sum from. It is reduced by the total amount of each untaxed element in the fund that you have received from that fund.

The untaxed plan cap is \$1.650 million in 2022-23. For prior years, see [Untaxed plan cap amount](#). The top marginal rate is 47% (including Medicare levy).

Example: untaxed plan cap

Anh started receiving lump sums from her super in 2018-19, when the untaxed plan cap was \$1.480 million and Anh received \$80,000 in untaxed element payments from this fund.

In 2019-20 the untaxed plan cap for the super lump sums she receives from this fund is \$1.515 million. For Anh, this is reduced

by the untaxed element payments she had previously received (\$80,000) to \$1.435 million. Anh also received another \$85,000 in untaxed element super lump sum payments from this fund.

In 2020–21 the untaxed plan cap is \$1.565 million, but this is reduced by the total of untaxed payments she had previously received (\$165,000) to \$1.4 million. Anh also received another \$90,000 in untaxed element super lump sum payments from this fund, which will further reduce her untaxed plan cap amount for any untaxed element payments she receives from this fund in the 2021–22 year.

Tax on super death benefits

The tax on a super death benefit depends on whether:

- you were a dependant of the deceased
- it's paid as a lump sum or a super income stream benefit
- the income stream is an account-based income stream or a capped defined benefit income stream
- the super is taxable or tax-free, and whether the super fund has already paid tax on the taxable component
- your age and the age of the deceased person when they died.

If you are a dependant of the deceased, you don't need to pay tax on the taxable component of a death benefit if you receive it as a lump sum. If you receive the benefit as an income stream, different rates of tax may apply depending on the factors mentioned above.

If you're **not** a dependant of the deceased, you can only receive the benefit as a lump sum.

The taxable component of the payment will be entitled to a tax offset that ensures the rate of income tax is as follows:

- taxed element – maximum of 15% plus Medicare levy
- untaxed element – maximum of 30% plus Medicare levy.

Tax on military invalidity benefits

Due to the court decision in *Commissioner of Taxation v Douglas* [2020] FCAFC 220, the tax and superannuation treatment of some invalidity benefit payments has changed (see *Military invalidity pensions – Douglas decision*).

QC 23237

Military invalidity pensions – Douglas decision

Work out if your military invalidity pension is affected by the Douglas decision and what it means for your tax.

Last updated 2 January 2025

On this page

[The Douglas decision](#)

[Who is affected by the Douglas decision?](#)

[How the decision affects you](#)

[Veterans' superannuation \(invalidity pension\) tax offset](#)

[Your tax returns](#)

[PAYG withholding](#)

[Reversionary beneficiaries](#)

[Superannuation changes](#)

The *Douglas* decision

The Federal Court decision in *Commissioner of Taxation v Douglas* [2020] FCAFC 220 (the *Douglas* decision) found that, from 1 July 2007, certain invalidity pension payments for veterans and their beneficiaries are superannuation lump sums, and not superannuation income stream benefits.

The vast majority of veterans will be in a better tax position due to the *Douglas* decision – paying less tax. Tax will increase for a small number of veterans.

As a result of the *Douglas* decision, a [veterans' superannuation \(invalidity pension\) tax offset](#) (VSTO) has been introduced to ensure veterans and their beneficiaries don't pay more tax because of the *Douglas* decision.

Who is affected by the *Douglas* decision?

You are affected by the *Douglas* decision if you're a veteran or their beneficiary and your invalidity pension payment:

- started on or after 20 September 2007, and
- is paid by the Commonwealth Superannuation Corporation (CSC) under either
 - the Defence Force Retirement and Death Benefits (DFRDB) scheme
 - the Military Superannuation and Benefits scheme (MSBS).

You will enter your military invalidity pension payment amount at **question 8 Australian superannuation lump sum payments** in your tax return.

If you stopped receiving payments for a period of time, you may have a new [start date](#) for your invalidity pension.

Find out [how the decision affects you](#).

If your invalidity pension doesn't meet these 2 conditions, you're not affected by the *Douglas* decision and your payments were correctly taxed as superannuation income stream benefits (recorded at **question 7** Australian annuities and superannuation income streams in your tax return).

When your invalidity pension started

You're only affected by the *Douglas* decision if your invalidity pension start date was on or after 20 September 2007. Your pension start date will be shown on documents provided to you by the CSC.

The start date will generally align with when you were classified as having either a Class A or B incapacity.

Example: invalidity pension started before 20 September 2007

Sandra was discharged on 2 July 2007. On 24 July 2007, she was determined by CSC as having a Class B incapacity and started receiving invalidity pension payments. The classification has remained the same since.

As Sandra's invalidity pension started before 20 September 2007, she is not affected, and her invalidity pension payments were correctly taxed as superannuation income stream benefits.

If your date of discharge was on or after 20 September 2007, any invalidity pension will always start on or after 20 September 2007.

There may have been a gap between your discharge date and your invalidity pension start date. Whether you're affected will depend on **when your invalidity pension started**, not your discharge date.

Example: invalidity pension started on or after 20 September 2007

Bryce was discharged on 15 September 2007. On 19 November 2007, he started receiving invalidity pension payments in accordance with being determined by CSC as having a Class A incapacity – the classification has remained the same since.

Even though Bryce was discharged before 20 September 2007, his invalidity pension started after 20 September 2007. As such, he is affected by the *Douglas* decision and his invalidity pension payments are taxed as superannuation lump sums.

Reclassification of your invalidity pension

Reclassification of your invalidity pension can determine if you are affected by the *Douglas* decision.

If you were reclassified on or after 20 September 2007 from:

- a retirement pension to an invalidity pension, you are affected by the *Douglas* decision because your invalidity pension start date is after 20 September 2007

- one DFRBD invalidity pension class that started before 20 September 2007 to another invalidity pension class, you are not affected by the *Douglas* decision because your invalidity pension start date doesn't change
- one MSBS invalidity pension class that started before 20 September 2007 to another invalidity pension class, and your payment stops and restarts
 - if it's backdated to the date the payments stopped, it's not affected by the *Douglas* decision because your invalidity pension start date doesn't change
 - if it's not backdated, you are affected by the *Douglas* decision because your new invalidity pension start date is after 20 September 2007.

Example: reclassification with a new start date

Shane received an invalidity pension from the MSBS that started in August 2005.

In July 2008, Shane's invalidity pension status is subsequently reviewed and ceased. CSC reviews Shane's circumstances in October 2010 and determines that he is eligible for a new invalidity pension.

As Shane started a new pension after 20 September 2007, the *Douglas* decision applies to Shane's invalidity pension payments from October 2010.

A classification (or reclassification) with a retrospective effective date doesn't change the date that the invalidity pension started.

Example: classification to Class A with backdated effect

Roger was discharged on administrative grounds on 2 October 2005. On 14 October 2005, he started receiving retirement benefits and wasn't considered eligible for an invalidity pension.

On 19 May 2010, CSC determined that Roger should have been discharged on medical grounds and classified as having a

Class A incapacity. The effective start date for the invalidity pension is 14 October 2005.

While the effective start date is 14 October 2005, CSC started paying the invalidity pension (including a lump sum payment in arrears) on 14 June 2010.

Roger is affected by the *Douglas* decision as the invalidity pension started for tax and superannuation purposes after 20 September 2007. His invalidity pension payments are taxed as superannuation lump sums from 14 June 2010 onwards only.

How the decision affects you

How the *Douglas* decision affects your tax position depends on a range of factors, including your age and whether you receive a disability superannuation benefit (DSB) or have service days before 1 July 1983.

The vast majority of veterans and their beneficiaries will [pay less tax](#). A small number of veterans and their beneficiaries would [pay more tax](#) without the new tax offset.

When you will pay less tax

You are most likely to pay less tax because of the *Douglas* decision if you are a:

- veteran under 60 years old – as your invalidity pension is taxed more concessionally as a super lump sum
- veteran 60 years old or older who either
 - receives a [disability superannuation benefit](#) (DSB), or
 - has service days before 1 July 1983.

If you receive a DSB or have service days before 1 July 1983, this increases your tax-free component. When you combine this with the changes due to the *Douglas* decision, you will generally pay less tax overall.

If you are paying less tax because of the *Douglas* decision, you may want to amend prior year tax assessments using our [objection form](#). You may be entitled to a refund.

Example: doesn't pay more tax because of the Douglas decision

Dev receives an invalidity pension from the MSBS that started in January 2008. Dev is under 60 years old and is not eligible for DSB tax status and has no pre-July 1983 service days.

The *Douglas* decision means Dev's invalidity pension is treated as a superannuation lump sum for income tax purposes but there is no change to the amount included in his taxable income.

As a result, his taxable income will not change. Because Dev is under 60 years old, his invalidity pension is taxed more concessionally as a super lump sum.

Dev is paying less tax because of the *Douglas* decision. He may choose to lodge an objection to amend his prior year tax returns.

Example: disability super benefit tax status

Graham is 65 years old and receives an invalidity pension from the DFRDB scheme, which started on 13 March 2010. Graham is also eligible for DSB tax status.

The *Douglas* decision applies to his invalidity pension, which is now taxed as a super lump sum – which also increases his tax-free component.

Graham not only receives more favourable tax treatment because his pension is being treated as a lump sum but also a decrease in his taxable income because of the tax concessions due to his DSB status.

Graham may choose to lodge an objection to amend his prior year tax returns.

When you would pay more tax

You are likely to pay more tax because of the *Douglas* decision if you are 60 years old or older and one or both of the following apply:

- you don't have service days before 1 July 1983
- your invalidity pension is not classed as a DSB.

The [veterans' superannuation \(invalidity pension\) tax offset](#) (VSTO) will offset any additional tax you would have paid because of the *Douglas* decision.

Example: additional tax offset by the VSTO

Lottie receives a modest invalidity pension from the DFRDB scheme that started on 15 January 2015 but is not eligible for DSB tax status.

Lottie is over 60 years old and was previously eligible for a 10% superannuation tax offset on the untaxed component of the benefit because it was a superannuation income stream for income tax purposes. However, because of the *Douglas* decision, Lottie's invalidity pension is now considered to be a superannuation lump sum for income tax purposes.

So, Lottie's invalidity pension is no longer eligible for the 10% superannuation income stream tax offset. But she is now eligible for a superannuation lump sum tax offset. The superannuation lump sum tax offset is capped at 15% but varies depending on how much income a person receives.

In Lottie's case, the superannuation lump sum tax offset she is entitled to is less than the 10% superannuation tax offset she would have been eligible for but for the *Douglas* decision.

This means she would pay more tax following the *Douglas* decision.

Lottie is eligible for the VSTO, ensuring she is in exactly the same income tax position as she would have been before the *Douglas* decision.

Veterans' superannuation (invalidity pension) tax offset

The veterans' superannuation (invalidity pension) tax offset (VSTO) is a non-refundable tax offset that ensures veterans and their beneficiaries

don't pay more tax because of the *Douglas* decision. It applies from the 2007–08 income year.

All veterans affected by the *Douglas* decision are eligible for the VSTO. However only a small number of veterans will be entitled to a VSTO amount because the *Douglas* decision has resulted in them paying **more** tax.

You don't need to apply for the VSTO. We will work out if you are entitled to a VSTO amount after you lodge your tax return. Your notice of assessment will include any VSTO amount you are entitled to and how it was applied.

VSTO for prior year tax assessments

If you have already had your prior year tax assessments reviewed and amended by us, you don't need do anything further.

How we work out the tax offset

After you lodge your tax return each year, we will work out your entitlement to any VSTO amount. We are unable to advise you what this amount will be before you lodge your tax return.

We work it out as follows:

Your income tax liability if your invalidity pension is treated as a super income stream

minus (-)

Your income tax liability if your invalidity pension is treated as a super lump sum

equals (=)

Your VSTO amount (if greater than zero).

In most cases, the offset calculation will be part of the normal tax return processing timeframes. However, it may take longer to work out your VSTO (extending the processing time), if you have any of the following complex circumstances:

- special professional averaging
- foreign residency

- employment termination payments or 'lump sum A' payments
- primary production averaging
- lump sum payment in arrears.

How the VSTO is applied

If you're entitled to a VSTO amount, we will use it to reduce any tax you need to pay. If your tax is reduced to zero, we will use any remaining VSTO amount to reduce any Medicare levy, or Medicare levy surcharge you may need to pay.

Any VSTO amount remaining can't be refunded to you, transferred, or carried forward into future income years.

Any offset amount you are entitled to will be shown on your [notice of assessment](#).

Example: how the VSTO amount is applied

Andrew is 62 years old and receiving an invalidity pension from the MSBS that started in March 2019. His invalidity payments are affected by the *Douglas* decision.

When processing Andrew's 2022 tax return, we work out:

- Andrew's tax payable would be \$950 before applying the VSTO
- Andrew is exempt from paying the Medicare levy and Medicare levy surcharge
- Andrew would pay more tax due to the *Douglas* decision and is entitled to a VSTO amount of \$900.

We use Andrew's VSTO amount to reduce his tax payable to \$50.

The CSC withheld \$2,200 in tax from Andrew's invalidity payments. As his tax payable is now \$50 and he has no other outstanding debts, we will refund \$2,150 to Andrew.

Your notice of assessment

Information about your VSTO entitlement if any, and how it was applied, will be included with your notice of assessment.

Your tax returns

If you're affected by the *Douglas* decision, when you lodge your tax return:

- your military invalidity pension payment will be treated as a superannuation lump sum payment
- we will work out any VSTO amount you are entitled to and use it to reduce your tax and Medicare liabilities
- details of any VSTO entitlement will be included with your notice of assessment.

You need to include your military invalidity pension payment amounts in your tax return at **question 8 Australian superannuation lump sum payments**. Find these amounts on your CSC payment summary.

If you lodge using myTax, we will normally pre-fill this amount in your tax return. If it's not pre-filled, you will need to manually include it.

If you reached your preservation age or turned 60 years old during the income year, you will get 2 payment summaries from CSC:

- one showing 1 July as the date of payment for all payments made to you before you reached preservation age or turned 60 years old
- a second showing your most recent birthday as the date of payment or 30 June for all payments made to you after you reached preservation age or turned 60 years old, reflecting the way this income is taxed when this happens.

Lodge from late July

From late July, the information required from CSC will most likely be available and make lodging your tax return easier and result in fewer processing delays.

While you can lodge from 1 July, there is a much higher chance that your return will be missing important information. Your VSTO calculation may be incorrect if you lodge before we have all the information.

2020–21 and 2021–22 tax returns

If you included your military invalidity pension payment amounts in your 2020–21 and 2021–22 tax returns at **question 8 Australian superannuation lump sum payments**, we have already determined if you are entitled to a VSTO amount. We applied any entitlement for you in an amended notice of assessment.

2007–08 to 2019–20 tax returns

You can request a review of prior year tax assessments using an **objection form**, if you're affected by the *Douglas* decision. You must have received a payment of an invalidity benefit from CSC in the relevant year. As part of your objection request, you'll need to:

- include a written request for an extension of time as these income years are outside the **period of review**
- provide the necessary evidence that supports any amendments to your assessments for these years.

You can usually obtain necessary evidence that supports any amendments from CSC.

Potential outcomes of a review

It's important to consider the likely outcomes before lodging an objection. You may wish to seek professional financial advice to understand how a change in your taxable income affects your circumstances, including your superannuation and other payments and obligations.

The outcome of your review will depend on your personal circumstances, and may result in any of the following:

- a credit assessment – however, your refund may be reduced by any debt you owe to us or another Australian Government agency (see, **Offsetting your credit or refund**)
- a debit assessment, that is you will be liable to pay more tax – we'll contact you to discuss your options including a payment arrangement with favourable terms
- no change to your tax outcome overall
- a change to your taxable income with financial impacts on other payments and obligations, such as

- child care subsidy
- parental leave payment
- family tax benefits or child support (see, Services Australia website for information on [Commissioner of Taxation v Douglas decision and government support for debts](#) [↗](#))
- other government support payments that take into account your taxable income.

Process and timeframes

We're committed to finalising reviews as quickly as possible, but each person's circumstances are different. It could take time to determine any refund owing to you, but we will keep you informed along the way.

Complex cases can take longer due to circumstances such as:

- receiving [disability superannuation benefits](#)
- if you have lump sum payment in arrears
- multiple super schemes
- being party to a family law split
- bankruptcy
- multiple income years to amend.

We will work out any VSTO you may be entitled to when we review your assessments. If you are entitled to a VSTO amount, your amended notice of assessment will advise how much you're entitled to and how it was applied.

Once the review process is complete, we'll send you an amended **notice of assessment**. In most cases this will be sent to your myGov inbox.

Disability superannuation benefits

If you believe you qualify to have your military invalidity pension taxed as a DSB, you can [apply to CSC](#) [↗](#) for a determination.

If CSC reclassifies your benefit as a DSB, they will inform us so we can ensure you're taxed correctly. We use DSB data, provided to us monthly from CSC, to amend your tax assessments if they are within the **period of review**. This process can take up to 3 months.

For most taxpayers with simple affairs, the amendment period of review is 2 years from the day we issue you with an assessment.

For tax assessments that are outside the period of review, you can request a review of prior year tax assessments using an **objection form**.

If there is a change in your taxable income, this could affect your Services Australia – Families and Child Support entitlements or obligations. Contact Services Australia for more information.

PAYG withholding

Your fortnightly invalidity pension payments are subject to the **pay as you go (PAYG) withholding** system. The amount withheld depends on, among other things, whether your payments are either:

- super income stream benefits
- super lump sum payments.

If your invalidity pension payments are affected by the *Douglas* decision and are super lump sum payments, you don't need to do anything. CSC has determined which rates apply to you and is withholding the updated amounts from your fortnightly payment. Your withholding amounts will take into account the tax-free threshold and Medicare levy exemption if you have claimed them.

The withholding rates are set out in the **Tax table for super lump sums** but with a modification that may reduce the amount if you have claimed the tax-free threshold from CSC.

If you're not affected by the *Douglas* decision, the **Tax table for super income streams** continues to apply.

Different PAYG withholding tax tables apply depending on your personal circumstances. Individuals with the same invalidity pension payment per fortnight may have different amounts of PAYG withheld and, therefore, different take home amounts.

Withholding rates have been updated to reflect the Stage 3 tax cuts. For veterans at or over preservation age, there will be no change to your fortnightly withholding because of these updates. For veterans under preservation age, your fortnightly withholding will be reduced from between \$1 and \$31 per pay depending on your individual circumstances.

Adjust your PAYG withholding

Depending on your personal financial circumstances, you may want to consider:

- whether you claim the tax-free threshold for your invalidity pension payments from CSC
- varying your PAYG withholding
- claiming an exemption from the Medicare levy.

Reversionary beneficiaries

You're affected by the *Douglas* decision if both apply:

- you're a reversionary beneficiary of a deceased veteran
- at the time they died, the deceased veteran was receiving an invalidity pension that
 - was paid under the DFRDB scheme or MSBS
 - started on or after 20 September 2007.

If the deceased veteran was not in receipt of an invalidity pension at the time they died, you are not an affected reversionary beneficiary.

If you're affected by the Douglas decision

If you're a death benefit dependant under tax law, your reversionary pension is non-assessable and non-exempt income.

This means:

- you don't need to pay tax on your reversionary pension
- you may be entitled to a refund of pay as you go (PAYG) withholding amounts CSC withheld from these pension payments dating back to the 2007–08 income year.

Prior year tax returns

We'll exclude your reversionary pension from your taxable income, and credit any excess pay as you go (PAYG) withholding amounts CSC has withheld from your reversionary pension payments during income years 2021–22 and 2022–23, after you lodge your tax return. The credit amounts are applied against your income tax liability, and we will

refund any excess. This will be in the original tax assessment, or we will issue an amended assessment.

The payment summary CSC sent you includes the amounts withheld from your reversionary pension. You should prepare your return as usual based on the payment summary. We'll also pre-fill your tax return based on the payment summary.

At the same time, we'll amend any other relevant returns within your **period of review**. For most taxpayers with simple affairs, the amendment period of review is 2 years from the day we issue you with an assessment.

If you received and included reversionary pension payments in your tax returns for years that are outside your **period of review** and we have not already amended your income tax assessments, you can lodge an **objection form** to correct these assessments.

Superannuation changes

We used information from CSC to identify people who are affected by the *Douglas* decision and took action to:

- ensure that payments which are now super lump sum payments are not counted towards your **transfer balance cap**
- adjust your **total super balance** as required.

When we adjusted your total super balance, we also checked if this has any impact on whether you had previously exceeded your contributions caps and made corrections where required. We also checked whether the adjustment to your total super balance affected your entitlement to co-contributions or the low-income super tax offset.

QC 64921

Illegal early access to super

Make sure you know when it's legal to access your super – there are consequences if you access it illegally.

On this page

[When can you legally access your super](#)

[Illegal early access schemes](#)

[Consequences of illegally accessing super](#)

When can you legally access your super


Generally, you can only access your super when you:

- reach preservation age and retire
- turn 65 even if you're still working.

To access your super legally, you must satisfy a condition of release.

There are very limited circumstances where you can legally access your super early. Eligibility requirements often relate to specific expenses.

It is illegal to access your super for any reason other than when it is allowed by the superannuation law.


Remember, there are only a few reasons to access your super and [accessing it early may be illegal \(PDF, 157 KB\)](#) .

Illegal early access schemes

Illegal early access schemes encourage you to withdraw your super before you're legally entitled to.

Beware of people promoting early access schemes. They might tell you they can help you set up a self-managed super fund (SMSF) to withdraw your super and use it to pay for personal expenses such as:

- credit card debt
- buy a house or car
- go on a holiday.

If you are approached by someone who tells you to set up an SMSF, check they're a licensed financial adviser. You can do this on the Australian Securities & Investments Commission (ASIC) website [Moneysmart](#) .

Warning signs

Promoters of illegal early access schemes usually:

- tell you to transfer or rollover your super to an SMSF so you can access it
- target vulnerable people, including those who are under financial pressure or unaware of super laws
- claim that you can access your super and put the money towards anything you want
- charge high fees and commissions
- request your identity documents.

How to protect yourself from illegal access schemes

If someone offers you advice that you can withdraw your super early (other than by legal means):

- Stop any involvement with the scheme, organisation or the person who approached you.
- Do not sign any documents.
- Do not provide them with any of your personal details.
- Phone us on **13 10 20** and advise us of your situation.

Find out how we are stopping schemes to illegally access super.

Consequences of illegally accessing super

Illegally accessing your super will cost you a lot more than the super you withdraw. You may face significant financial consequences and lose your retirement savings.

Any amount you illegally access will be included as income in your tax return, even if you return it to the fund. This means you may pay:

- additional income tax
- tax shortfall penalties
- interest.

If you've illegally accessed your super you can't return it back into your fund. Any attempt to do so will be considered a new contribution.

If you provided fraudulent documents to the ATO or your super fund, you will also be liable for penalties for false and misleading statements.

If a promoter helped you access your super illegally, you can't claim a personal deduction for fees or commissions they take from your super.

If you participate in a scheme, you may become a victim of identity theft. This is when someone uses your personal details to commit fraud or other crimes. If someone steals and misuses your identity, they could steal your super for themselves.

If you illegally access your super or have been involved in a scheme promoting illegal early access to your super, contact us immediately. When we consider penalties, we will take your voluntary disclosure and circumstances into account.

Consequences for SMSF trustees

If you are an SMSF trustee and you illegally release benefits to a member who has not met a condition of release, you may be liable for administrative penalties.

You may also be disqualified as an SMSF trustee. If disqualified:

- you cannot operate as a trustee of an SMSF
- your name will be published in both the Commonwealth Government Notices Gazette and our trustee disqualification register.

This means your disqualification will be on public record. This can have an adverse impact on you professionally, personally or financially.

Promoters of illegal schemes

The ATO and The Australian Securities & Investments Commission (ASIC) may prosecute promoters of schemes designed to illegally

access super. These activities may involve breaches of the following legislation:

- *Superannuation Industry (Supervision) Act 1993*
- *Corporations Act 2001*
- *Australian Securities and Investments Commission Act 2001.*

Breaches may include:

- misleading or deceptive conduct
- giving financial product advice without an Australian financial services licence.

The ATO may impose civil and criminal penalties, including significant fines and terms of imprisonment.

Case study – consequences for a promoter of an illegal access scheme

A Federal Court imposed a \$220,000 penalty and a 7-year ban for the promoter of an illegal early access scheme involving SMSFs.

The ATO, as regulator of the SMSF sector, commenced legal action against the New South Wales woman in 2018 after a tip-off about the suspect establishment of several SMSFs.

She had set up or intended to set up 35 SMSFs on behalf of 68 individuals between 2016 and 2018. She then helped individuals not yet legally entitled to access their super, transfer their balances to their SMSF so they could illegally withdraw it. This sometimes occurred on the same day.

Participants in the scheme reportedly used the money to fund personal expenses including home renovations and stamp duty.

After seeking an initial injunction that placed restrictions on the scheme's facilitator, the ATO filed an application in the Federal Court seeking:

- declaratory relief
- a final injunction
- payment of a civil penalty.

This case demonstrates that there are serious consequences for promoters of illegal early access schemes. Super is money set aside to

provide for retirement and withdrawing your super without meeting a condition of release can result in long-term financial damage. This can leave people with little or no super for their retirement as well as a significant tax bill on the amount withdrawn.

Authorised by the Australian Government, Canberra.

QC 18810

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