Be ready for new tax on large and very large super balances

From 1 July, individuals with total super balances (TSBs) over $3 million and $10 million will pay Division 296 tax.

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Better Targeted Super Concessions (Division 296) is now law and comes into effect for the 2026–27 financial year onwards.

That means from 1 July 2026 individuals with TSBs above the:

- **large super balance threshold** (LSBT) – set at **$3 million** for 2026–27 – will be subject to an additional 15% tax on the proportion of earnings relating to their TSB exceeding the LSBT
- **very large super balance threshold** (VLSBT) – set at **$10 million** for 2026–27 – will be subject to an additional 10% tax on the proportion of earnings relating to their TSB exceeding the VLSBT.

Be ready

If your TSB is above these thresholds, use our Division 296 web guidance to find out everything you need to know.

Here are some of the changes you can expect:

- When your fund reports your account balance to us for the 2026–27 financial year, we'll calculate your TSB. If it exceeds the LSBT or VLSBT, we'll use your relevant super earnings, reported by your funds, to calculate your Division 296 tax and issue you with a notice of assessment.
- We'll begin issuing Division 296 assessments later in the 2027–28 financial year.

- The way that we calculate TSBs is also changing as a result of Division 296 legislation. For the latest on calculating your TSB for 2026–27, view our Total superannuation balance information.

We strongly recommend that you:

- use the information on our website to prepare
- discuss the implications of Division 296 and the new way of calculating TSBs with your tax agent.

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