



SCD 2005/2 - Superannuation contributions: what are the indexable amounts for the 2005-2006 financial year under the Termination Payments Tax Imposition Act 1997?

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 This document has changed over time. This is a consolidated version of the ruling which was published on *8 June 2005*



Superannuation Contributions Determination

Superannuation contributions: what are the indexable amounts for the 2005-2006 financial year under the *Termination Payments Tax Imposition Act 1997*?

Preamble

Superannuation Guarantee Determinations do not have the force of law. Each decision made by the Australian Taxation Office is made on the merits of the individual case having regard to any relevant Rulings and Determinations.

1. The *Termination Payments Tax Imposition Act 1997* (TPTIA) provides that for each indexing financial year each indexable amount is to be an amount which reflects movements in full-time adult average weekly ordinary time earnings (AWOTE).¹
2. To ascertain an indexable amount, an indexation factor is calculated by dividing the index number for the last quarter in the current March year by the index number for the last quarter in the previous March year.² The index number for a quarter is the AWOTE estimate for the middle month of the quarter published by the Australian Statistician.
3. The Australian Statistician's AWOTE estimate for February 2005 was \$992.90 and the estimate for February 2004 was \$947.80. This produces an indexation factor of 1.048. This factor, when multiplied by the indexable amount for the previous year, produces the indexable amount for the current year.³
4. For the purpose of this Determination, the previous indexable amounts to be used in the calculation in subsection 6(1) of the TPTIA, are \$99,710 (the lower income amount) and \$121,075 (the higher income amount).
5. For the purpose of subsection 5(1AA) of the TPTIA, the indexable amounts (as calculated under section 6) for the 2005-2006 financial year are:
 - **\$104,496** (the lower income amount); and
 - **\$126,887** (the higher income amount).

¹ Please note: if enacted, amendments proposed in the Australian Government Budget Measures 2005-06 will result in no surcharge being payable in respect of termination payments made on or after 1 July 2005.

² Subsection 6(3) of the TPTIA.

³ Subsection 6(1) of the TPTIA.

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6. These indexable amounts are relevant for working out the rate of the termination payments surcharge payable on a termination payment made to or for a taxpayer in a particular year under section 5 of the TPTIA. Superannuation Contributions Determination SCD 2005/5 provides details of the calculation of the amount represented by 'A' in the first formula contained within subsection 5(1) of the TPTIA.

Date of effect

7. This Determination applies to the 2005-2006 financial year.

Commissioner of Taxation

8 June 2005

Previous draft:

Not previously issued as a draft

Previous Determinations:

SCD 97/2; SCD 98/4; SCD 1999/2;
SCD 2000/2; SCD 2001/2; SCD 2002/2;
SCD 2003/2; SCD 2004/2

Related Determinations:

SCD 2005/1; SCD 2005/3; SCD 2005/4,
SCD 2005/5

Subject references:

- average weekly ordinary time earnings
- financial year
- higher income amount

- indexable amount
- indexation
- indexation factor
- lower income amount
- superannuation contributions
- termination payments surcharge

Legislative references:

- TPTIA 1997
- TPTIA 1997 5
- TPTIA 1997 5(1)
- TPTIA 1997 5(1AA)
- TPTIA 1997 6
- TPTIA 1997 6(1)
- TPTIA 1997 6(3)

ATO references

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