



Taxation Determination

Income tax: what are the thresholds and limits for superannuation amounts in 2004-2005?

Preamble

*The number, subject heading, date of effect and paragraphs 1 to paragraphs 7 of this document are a 'public ruling' for the purposes of Part IVAAA of the **Taxation Administration Act 1953** and are legally binding on the Commissioner.*

1. In accordance with the *Income Tax Assessment Act 1936* (ITAA 1936), there are a number of thresholds and limits that require indexation each year by movements in full-time adult average weekly ordinary time earnings (AWOTE).
2. The AWOTE amount is an estimate by the Australian Statistician of the full-time adult average weekly ordinary time earnings for persons in Australia. The estimate for February 2004 was \$947.80 and the estimate for February 2003 was \$900.40. This produces an indexation factor of 1.053.
3. This factor is applied against the 2003-2004 thresholds and limits. The new thresholds and limits that apply from 1 July 2004 are set out in the following paragraphs.
4. For the purposes of subsection 27A(20) of the ITAA 1936, the **tax free amounts** of a bona fide redundancy payment or of an approved early retirement scheme payment are:
 - **\$6,194** (formerly \$5,882); and
 - **\$3,097** (formerly \$2,941).
5. For the purposes of subsections 82AAC(2B) and 82AAT(2B) of the ITAA 1936, the **age based deduction limits** for superannuation contributions by employers and eligible persons are:
 - **\$13,934** (formerly \$13,233);
 - **\$38,702** (formerly \$36,754); and
 - **\$95,980** (formerly \$91,149).
6. For the purposes of subsection 140ZD(3) of the ITAA 1936, the **RBL limits** are:
 - Lump Sum RBL **\$619,223** (formerly \$588,056); and
 - Pension RBL **\$1,238,440** (formerly \$1,176,106).

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7. The **upper limit for determining the residual amount** for the purposes of section 159SG of the ITAA 1936, that is the threshold on the post-June 1983 component of an eligible termination payment is:

- **\$123,808** (formerly \$117,576).

Date of effect

8. This Determination applies to the 2004-2005 income year.

Commissioner of Taxation

11 June 2004

Previous draft:

Not previously released in draft form

Related Rulings/Determinations:

TR 92/1; TR 92/20; TR 97/16;

Previous Rulings/Determinations:

TD 96/24; TD 97/11; TD 98/12; TD 1999/12; TD 2000/23; TD 2001/15; TD 2002/11;
TD 2003/21

Subject references:

- age based deduction limits
- approved early retirement scheme
- bona fide redundancy
- elective deduction limit
- lump sum reasonable benefit limit
- pension reasonable benefit limit

Legislative references:

- TAA 1953 Pt IVA
- ITAA 1936 27A(20)
- ITAA 1936 82AAC(2B)
- ITAA 1936 82AAT(2B)
- ITAA 1936 140ZD(3)
- ITAA 1936 159SG

ATO references

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