TD 2006/42 - Income tax: what are the thresholds and limits for superannuation amounts in 2006-2007?

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Taxation Determination

Income tax: what are the thresholds and limits for superannuation amounts in 2006-2007?

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This publication (excluding appendixes) is a public ruling for the purposes of the *Taxation Administration Act 1953*. A public ruling is an expression of the Commissioner's opinion about the way in which a relevant provision applies, or would apply, to entities generally or to a class of entities in relation to a particular scheme or a class of schemes. If you rely on this ruling, we must apply the law to you in the way set out in the ruling (or in a way that is more favourable for you if we are satisfied that the ruling is incorrect and disadvantages you, and we are not prevented from doing so by a time limit imposed by the law). You will be protected from having to pay any underpaid tax, penalty or interest in respect of the matters covered by this ruling if it turns out that it does not correctly state how the relevant provision applies to you.

Ruling

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 2006 was $1037.50 and the estimate for February 2005 was $992.90. This produces an indexation factor of 1.045.

3.   This factor is applied against the 2005-2006 thresholds and limits. The new thresholds and limits that apply from 1 July 2006 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:

- **$6,783** (formerly $6,491); and

- **$3,392** (formerly $3,246).

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:

- **$15,260** (formerly $14,603);

- **$42,385** (formerly $40,560); and

- **$105,113** (formerly $100,587).

6.   For the purposes of subsection 140ZD(3) of the ITAA 1936, the **RBL limits** are:

- Lump sum RBL **$678,149** (formerly $648,946); and

- Pension RBL **$1,356,291** (formerly $1,297,886).

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:

- **$135,590** (formerly $129,751).

Date of effect

8.   This Determination applies to the 2006-2007 income year.

Commissioner of Taxation
31 May 2006

References

Previous draft:
Not previously issued as a draft

Previous Rulings/Determinations:
TD 96/24; TD 97/11; TD 98/12;
TD 1999/27; TD 2000/23; TD 2001/15;
TD 2002/11; TD 2003/21; TD 2004/18;
TD 2005/21

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