



### This guidance note provides guidance on contributing the proceeds of downsizing to superannuation.

*We are committed to providing you with accurate, consistent and clear advice and guidance to help you understand your rights and entitlements, and your obligations. If you follow our advice or guidance and it turns out to be incorrect, or you make a mistake because it was misleading, we will take this into account.*

#### [Our commitment to you](#)

*This guidance note contains general information and examples. It may omit details that could be significant in your personal circumstances.*

This information is for people who are 55 years and over who are considering selling a qualifying dwelling and making a contribution into superannuation based on the proceeds from the sale.

The *Contributing of the proceeds of downsizing to superannuation* measure was one of several announced in the 2017–18 Budget as part of the Government's package of reforms to reduce pressure on housing affordability. Amendments effective from 1 July 2022 reduced the eligibility age, at the time of making a downsizer contribution, from 65 years to 60 years.

Amendments effective from 1 January 2023 further reduced the eligibility age, at the time of making a downsizer contribution, from 60 years to 55 years.

Older Australians choosing to sell or partially sell their ownership interest in a dwelling, for example to downsize or move from dwellings that no longer meet their needs, are provided with the benefit of being able to contribute an amount into superannuation based on the proceeds from the sale of their dwelling.

#### **What is a downsizer contribution?**

The downsizer contribution allows people, who may otherwise be prevented from making contributions into superannuation due to their age, work status or contribution cap restrictions, to sell their dwelling and make a contribution to superannuation based on the proceeds of the sale.

Generally, a personal contribution you make for yourself is treated as a non-concessional contribution unless a deduction has been claimed for it, or it is excluded from being treated as a non-concessional contribution.

Downsizer contributions are excluded from the definition of a non-concessional contribution. You cannot claim a deduction for a downsizer contribution.

A downsizer contribution is not counted towards the concessional or non-concessional contribution caps.

You can make a downsizer contribution even if you have a total super balance above the general transfer balance cap. However, once you have made a downsizer contribution it does count towards your total superannuation balance.

Existing eligibility requirements for Government co-contributions as well as the tax offset for spouse contributions are not affected by this measure and may apply to downsizer contributions.

#### **What are the eligibility conditions for a downsizer contribution?**

For a contribution to be a downsizer contribution, all of the following conditions must be satisfied:

- you or your spouse dispose of an 'ownership interest' in a qualifying dwelling in Australia
- you exchange contracts for the sale of the dwelling on or after 1 July 2018
- for contributions made before 1 July 2022, you are aged 65 years or older at the time the contribution is made
- for contributions made from 1 July 2022 to 31 December 2022, you are aged 60 years or older at the time the contribution is made
- for contributions made on or after 1 January 2023, you are aged 55 years or older at the time the contribution is made
- the contribution is equal to all or part of the total capital proceeds from the disposal (but not exceeding the downsizer contribution limit)
- the contribution must be made within 90 days of disposing of the ownership interest or such longer time as allowed by us
- you or your spouse, or former spouse, must have owned the dwelling, or the land on which the dwelling was situated, for 10 years prior to disposal

- you meet or notionally meet (see below) the main residence capital gains tax (CGT) exemption requirement, and
- you make a choice to treat the contribution as a downsizer contribution and notify the complying superannuation plan provider in the approved form, at or before the time you make the contribution.

A qualifying dwelling means a residential building, and does **not** include a caravan, houseboat or other mobile home.

You cannot make downsizer contributions if you have previously made a downsizer contribution, or had one made on your behalf, in relation to an earlier disposal of a relevant dwelling including a previous partial disposal of an ownership interest.

You are not required to purchase another dwelling following the sale of your dwelling to be eligible to make a downsizer contribution.

### Ownership interests

Having an 'ownership interest' in a dwelling includes owning it in part as a joint tenant or tenant in common. This means you can be eligible to make a downsizer contribution if you sell a part-ownership in a dwelling, even if other part-owners do not.

There is an exception to the requirement to have disposed of an ownership interest where one spouse holds an ownership interest in the dwelling but the other spouse does not.

If you are not on the title to the dwelling but your spouse is, you can make a downsizer contribution provided you personally meet the other requirements. This can also extend to a situation where the deceased estate of your spouse disposes of the ownership interest.

If you are unsure about whether your circumstances meet the requirements for making a downsizer contribution you should seek professional advice.

### How much can I contribute as a downsizer contribution?

Downsizer contributions are limited to the lesser of \$300,000 or the total capital proceeds that you, your spouse, or you both, receive from the sale of your ownership interests in the dwelling.

This is the gross capital proceeds – any debt outstanding on a mortgage that is discharged or costs incurred from the sale of the dwelling do not reduce the maximum available contribution amount.

If a couple sell their dwelling under a single contract and are both eligible to make a downsizer contribution,

they are free to choose how to apportion the total capital proceeds between them, provided that neither of them makes a contribution greater than \$300,000.

If only one member of a couple is eligible, they can use the total capital proceeds from the sale, up to \$300,000.

You can make multiple downsizer contributions from the proceeds of a single sale of a dwelling, subject to the maximum contribution amounts above.

### What is the main residence requirement?

To make a downsizer contribution, the dwelling must have been your main residence at some point during the period of ownership for the purposes of the main residence CGT exemption.

The capital gain or loss from the sale of the dwelling is disregarded, in whole or part, because the property has been treated as your main residence.

A partial main residence CGT exemption may apply in a variety of situations, including where the dwelling:

- was not your main residence for the entire period of ownership
- was used to produce assessable income (in whole or part) for a period of time during ownership, or
- is on land greater than 2 hectares.

You may not have a capital gain or loss to disregard because, for example:

- your dwelling was a pre-CGT asset (that is, if it was acquired before 20 September 1985), or
- your spouse owned the dwelling that was sold.

If this is the case, you will still meet the main residence requirement for downsizer purposes if you would have notionally been eligible for a full or partial main residence CGT exemption in relation to the disposal of the relevant dwelling.

### The 10-year ownership test

You or your spouse, or former spouse, must have held an ownership interest in the dwelling, or ownership interest in the land on which the dwelling is situated, at all times during the 10 years prior to the disposal.

This is from the day the ownership interest in the dwelling commenced to the day it ceased. In most cases, this would be from the settlement date of the original purchase to the settlement date of the sale.

You are not required to hold an ownership interest for the entire 10-year period personally provided that, at all times during this period, an ownership interest has been held by some combination of you, your spouse,

or your former spouse. This allows for changes in ownership between spouses to account for circumstances such as the death of a spouse and relationship breakdown.

If your spouse who held an ownership interest dies, you can count the period of ownership of your deceased spouse, including the period the dwelling is held by the trustee of the deceased estate, towards the 10-year ownership test.

If there is a period of time when land is vacant, and you hold the ownership interest in the land, this will still count towards the 10-year ownership test. This means that eligibility can be extended to circumstances such as where the dwelling has been knocked down and rebuilt or a vacant block was initially purchased and subsequently built on.

If you are going to rely on having held an ownership interest in the land to satisfy this condition, you or your spouse must generally have held the interest directly, not through another entity, such as a trust or company. In these situations we recommend you seek advice specific to your circumstances prior to making a contribution.

### Substitute dwellings

The 10-year ownership test can be met if the dwelling you disposed of is a substitute for a previous dwelling, provided you have owned one or the other across the entire 10-year period.

This may occur where your previous main residence, or a dwelling that was treated as such, had been compulsorily acquired, lost or destroyed and you acquired a substitute interest.

### Extensions of time

You may request a longer period of time for making a downsizer contribution in some circumstances.

Needing further time to satisfy the age eligibility requirement is not a factor that would support the Commissioner exercising his discretion to allow an extension of time.

To apply for an extension of time, the request should ideally be made before the 90 day period has expired. Any such request must be approved prior to the contribution being made.

If you want to request an extension you can contact us on **13 10 20**.

If you are not satisfied with the outcome of your request, you may seek a review of our decision.

### What happens if your downsizer contribution is not eligible?

If we determine your downsizer contribution does not meet all of the eligibility requirements, we will notify you and seek further information if needed. We will notify the super fund that received your contribution if we still consider that the contribution is not an eligible downsizer contribution.

The super fund will then re-categorise the contribution as a member contribution and assess whether the contribution is to be returned by the fund, based on the contribution acceptance rules, or if it should remain in the fund.

If the super fund is unable to retain the amount as another contribution type, the amount will be returned to you if the fund still holds the amount.

When amounts are re-reported as a personal contribution, they will count towards your non-concessional contributions cap and may result in an excess non-concessional contributions determination. Penalties for making a false and misleading statement may also be applied if you had incorrectly declared that you were eligible to make such a contribution.

### Examples – main residence requirement

Sarah:

- is 66 years old in 2020
- owns and has been living in her dwelling for 11 years
- is married to Peter

Peter:

- is 65 years old
- lives with Sarah in her dwelling, and treats

*Sarah and Peter each meet the main residence requirement for Sarah's dwelling, since they have treated Sarah's dwelling as their main residence and have only resided there since they have been together.*

*Peter also meets the main residence requirement for his other dwelling as he previously lived there prior to his relationship with Sarah and is eligible to partially disregard the capital gain or loss from the disposal of his dwelling under the main residence CGT exemption.*

*In early 2020, Sarah sells her dwelling. The capital proceeds from the sale are \$400,000. Later in 2020, Peter sells his dwelling. The capital proceeds from the sale are \$700,000.*

*Sarah and Peter may both choose to use the proceeds from Sarah's dwelling to make their downsizer contributions, however they are only able to contribute any*

<p>Sarah's dwelling as main residence</p> <ul style="list-style-type: none"> <li>• also owns another dwelling that he has owned for 13 years and in which he was previously living</li> </ul>	<p><i>combination totalling the capital proceeds of \$400,000, for example, \$300,000 for Sarah and \$100,000 for Peter. Also, if Peter chooses to use proceeds from Sarah's dwelling to make a downsizer contribution, he will not be able to make another downsizer contribution with proceeds from the sale of his dwelling.</i></p> <p><i>If Peter does not make a downsizer contribution with proceeds from the sale of Sarah's dwelling and instead chooses to use the proceeds from his dwelling to make downsizer contributions, he can contribute a maximum of \$300,000. Sarah is not eligible to make downsizer contributions from the sale of Peter's dwelling as she does not meet the main residence requirement but can make a downsizer contribution of \$300,000 in relation to the sale of her dwelling.</i></p>
<p>Ian:</p> <ul style="list-style-type: none"> <li>• is 70 years old in 2019</li> <li>• purchased his first dwelling in 2005, which he lived in until 2013</li> <li>• purchases a second dwelling in 2013 and moved into the new dwelling</li> <li>• chose to rent out his first dwelling</li> </ul>	<p><i>Even though Ian is no longer treating his first dwelling as his main residence, he is effectively exempted from some of the capital gain from the sale of the first dwelling because the property had been treated as his main residence prior to renting it out.</i></p> <p><i>He therefore meets the main residence requirement for making a downsizer contribution.</i></p> <p><i>In 2019, Ian sells the first dwelling for \$500,000.</i></p> <p><i>Ian meets all the eligibility requirements and can make a downsizer contribution of up to \$300,000.</i></p>
<p>Tom:</p> <ul style="list-style-type: none"> <li>• is 67 years of age in 2020</li> <li>• purchased a dwelling in 1980 as a rental property</li> <li>• has never lived in the property</li> </ul>	<p><i>On 1 July 2020, Tom decides to sell his rental property and is looking at whether he is eligible to make a downsizer contribution.</i></p> <p><i>The property is a pre-CGT asset as it was purchased prior to 20 September 1985 and it will not be subject to CGT when it is sold.</i></p> <p><i>However, as Tom never lived in the dwelling, Tom would not have been able to disregard any of the capital gain or loss from the sale if the house had been a CGT asset.</i></p> <p><i>Tom does not meet the main residence requirement, and he is not eligible to make a downsizer contribution from the sale of this property.</i></p>
<p>Murray:</p> <ul style="list-style-type: none"> <li>• is 70 years old in 2023</li> <li>• has owned a farm for 20 years which contains his main residence</li> <li>• is married to Mavis</li> </ul>	<p><i>Murray sells the farm containing the main residence for \$3 million.</i></p> <p><i>Under the CGT rules, Murray is entitled to partially disregard the capital gain on the main residence and the adjacent land – up to 2 hectares – which is not used to produce income. If Mavis' name had been on the title to the farm, she would have also been able to partially disregard a capital gain in the same manner.</i></p> <p><i>Murray and Mavis both meet the main residence requirement.</i></p> <p><i>When working out the maximum amount Murray and Mavis can contribute, there is no need to apportion the proceeds of sale from the property based on which part of the property was eligible for the main residence CGT exemption.</i></p>
<p>Mavis:</p> <ul style="list-style-type: none"> <li>• is 72 years old in 2023</li> <li>• has no ownership interest in the farm</li> </ul>	<p><i>They are entitled to make downsizer contributions of up to \$300,000 each into their superannuation as the sum of these contributions is less than the proceeds of sale from the property.</i></p>

### Examples – 10-year ownership rule

<p>Allison:</p> <ul style="list-style-type: none"> <li>• is 75 years old in 2019</li> </ul>	<p><i>Allison began holding an ownership interest in the apartment on 2 November 2009 when the settlement occurred.</i></p>
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<ul style="list-style-type: none"> <li>signed a contract to purchase an apartment off the plan in 2007</li> <li>settled on 2 November 2009 after the apartment was built</li> <li>moved into the apartment on 10 January 2010 and began treating it as her main residence</li> </ul>	<p><i>She sells her apartment in 2019. Settlement for the sale occurs on 10 December 2019 and the capital proceeds are \$250,000. Her ownership period ends on settlement on 10 December 2019.</i></p> <p><i>Allison had an ownership interest in the apartment for 10 years or more.</i></p> <p><i>As she has not previously made a downsizer contribution in relation to another disposal, she meets all the requirements to make a downsizer contribution. She can contribute up to \$250,000 as a downsizer contribution which is the total proceeds received from the sale of her apartment.</i></p>
<p>Steve:</p> <ul style="list-style-type: none"> <li>purchased his dwelling in 2005</li> <li>was married to Lauren</li> </ul> <p>Lauren:</p> <ul style="list-style-type: none"> <li>is 68 years old in 2020</li> <li>lived in the dwelling with Steve from 2015</li> </ul>	<p><i>On 1 December 2016, Steve passes away and leaves the dwelling to Lauren. The property title is transferred to her through the administration of his estate in April 2017.</i></p> <p><i>Lauren sells the property for \$400,000, with settlement occurring on 1 January 2020.</i></p> <p><i>Lauren meets the 10-year ownership condition because:</i></p> <ul style="list-style-type: none"> <li><i>from 2005 until 1 December 2016, the ownership interest in the dwelling is treated as being held by Steve, and</i></li> <li><i>since 1 December 2016, the ownership interest is treated as being held by Lauren.</i></li> </ul> <p><i>Lauren is eligible to make a downsizer contribution of up to \$300,000.</i></p>
<p>Anh:</p> <ul style="list-style-type: none"> <li>is 65 years old in 2025</li> <li>purchased a derelict house with settlement occurring in January 2015</li> <li>demolished the dwelling in February 2016</li> <li>built a new house on the block which was completed in 2018</li> </ul>	<p><i>Anh lived in the new house and treated it as her main residence from the date it was completed until its sale in September 2025.</i></p> <p><i>Anh has held an ownership interest for the 10-year ownership condition since 2015 even though there were periods when there was no house on the block. This is because she maintained an ownership interest in the dwelling or ownership interest in the land over this time.</i></p> <p><i>Anh has held an ownership interest for the entire 10-year period prior to the sale and is eligible to make a downsizer contribution based on the proceeds of the sale.</i></p>
<p>Tracey:</p> <ul style="list-style-type: none"> <li>purchased her dwelling in 1995</li> <li>married Matthew in 2000</li> </ul> <p>Matthew:</p> <ul style="list-style-type: none"> <li>is 68 years of age in 2019</li> <li>lives with Tracey in her dwelling</li> </ul>	<p><i>In 2018, Tracey and Matthew's relationship breaks down and the couple divorce. As a result of this separation, the title for Tracey's dwelling is transferred to Matthew. He continues to reside at the house and treats it as his main residence.</i></p> <p><i>Matthew decides to sell the dwelling in 2019, the capital proceeds of which are \$700,000. Matthew satisfies the 10-year ownership test as he or his former spouse, Tracey, have held an ownership interest at all times during the last 10 years.</i></p> <p><i>Matthew is eligible to make a downsizer contribution of up to \$300,000.</i></p> <p><i>Tracey does not have an ownership interest in the dwelling at the time of the sale and, as neither she, nor a current spouse, owned the dwelling just prior to disposal, she is unable to make a downsizer contribution.</i></p>

**Examples – maximum amount of a downsizer contribution**

<p>Diana:</p> <ul style="list-style-type: none"> <li>is 62 years old in 2023</li> </ul>	<p><i>In January 2023, Diana and Gary decide to sell their dwelling. At the time of disposal, Diana is aged 62 and Gary is 53. Gary is not eligible to make downsizer contributions, as he is under 55.</i></p>
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<ul style="list-style-type: none"> <li>• purchased dwelling as joint tenants with Gary in 1990</li> <li>• is married to Gary</li> </ul> <p>Gary:</p> <ul style="list-style-type: none"> <li>• is 53 years old in 2023</li> </ul>	<p><i>The dwelling is sold under a single contract. The total capital proceeds from the sale are \$500,000. As joint tenants, Diana and Gary each have capital proceeds of \$250,000 for the disposal of their ownership interests.</i></p> <p><i>Assuming that Diana has not made a downsizer contribution previously, she is eligible to make a downsizer contribution.</i></p> <p><i>In calculating her total available maximum downsizer contribution amount, Diana is able to include the capital proceeds from her own interest and from Gary's interest, for a total of \$500,000. As this amount is greater than the total maximum contribution amount of \$300,000, Diana is able to make downsizer contributions of up to \$300,000.</i></p>
<p>Rupert:</p> <ul style="list-style-type: none"> <li>• is 75 years old in 2019</li> <li>• has a 50% ownership interest in his dwelling as a tenant in common with wife Denise</li> </ul> <p>Denise:</p> <ul style="list-style-type: none"> <li>• is 75 years old in 2019</li> <li>• has a 50% share in the dwelling as tenant in common with Rupert</li> </ul>	<p><i>In 2019, Rupert and Denise sell their dwelling for \$500,000. The capital proceeds for the disposal of their interests are \$250,000 each. The dwelling is sold under a single contract.</i></p> <p><i>Rupert and Denise are both eligible to make downsizer contributions. They are able to access the capital proceeds from each other's ownership interests to determine the maximum contribution they can each make.</i></p> <p><i>Rupert and Denise can choose how to allocate the total available contribution amount, as long as neither individual contributes more than \$300,000 in total, and the sum of their respective contributions does not exceed the capital proceeds of \$500,000.</i></p> <p><i>They choose to make a \$300,000 contribution to Denise's superannuation and a \$200,000 contribution to Rupert's superannuation.</i></p>

### Examples – age limit application: eligible and ineligible to contribute

<p>Trent:</p> <ul style="list-style-type: none"> <li>• is 54 years and 1 month old as at March 2023</li> <li>• owns his dwelling and has lived there for 30 years with wife, Pamela</li> </ul> <p>Pamela:</p> <ul style="list-style-type: none"> <li>• is 60 years old as at March 2023</li> <li>• holds no ownership interest in the dwelling but it is treated as her main residence</li> </ul>	<p><i>Trent and Pamela decide to sell their dwelling in March 2023. The capital proceeds received from the sale are \$500,000.</i></p> <p><i>Despite meeting all the other conditions for eligibility, Trent will not be 55 within the 90 days after settlement and will not be able to make a downsizer contribution.</i></p> <p><i>Trent applies to the ATO for an extension of time to 12 months after the disposal to enable him to make a downsizer contribution.</i></p> <p><i>The ATO does not grant this extension because the timing of the sale was within Trent's control and we do not consider it appropriate to allow an extension of time so that an individual can meet the age eligibility requirement.</i></p> <p><i>Pamela is still eligible to make a downsizer contribution of up to \$300,000.</i></p> <p><i>While Trent is unable to make a downsizer contribution, he may be able to contribute part of the sale proceeds to superannuation as a concessional or non-concessional contribution up to the relevant caps and, if eligible, access relevant bring-forward arrangements.</i></p>
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Michael:

- is 54 years old (turns 55 in May 2023) and is working part-time
- owned and lived in his dwelling for 30 years
- enters into a contract to sell his dwelling on 10 December 2022

*Michael exchanges the contract for the sale of his dwelling on 10 December 2022. The date of settlement is 10 January 2023 and, on that day, he receives capital proceeds of \$500,000.*

*Michael completes and signs the downsizer contribution form declaring that he is eligible to make a \$300,000 downsizer contribution to his super fund. Michael provides the downsizer contribution form and the contribution to his super fund.*

*The 90-day period for making a downsizer contribution ends before Michael turns 55. Michael is not eligible to make a downsizer contribution despite meeting other eligibility requirements.*

*We advise Michael that his downsizer contribution is not eligible. We also notify the super fund that received his contribution.*

*The super fund assesses whether the contribution could have been accepted as another type of contribution. Michael's super fund assesses that the contribution is not required to be returned under the contribution acceptance rules or otherwise. His super fund retains the contribution as a non-concessional contribution and re-reports the contribution as a member contribution.*

*Michael's non-concessional cap is \$110,000 and he has not made any other contributions in the financial year. Michael needs to be aware of his non-concessional contributions cap, including whether he is eligible to access any bring-forward arrangements. If Michael exceeds his non-concessional contributions cap, he will receive a determination from us advising him that he has exceeded his non-concessional cap and by how much it was exceeded.*

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Carly:

- is 56 years old and retired in 2022
- owned and lived in her dwelling for 20 years
- entered into a contract to sell the dwelling on 1 September 2022

*Carly signs a contract to sell her dwelling, with a settlement date of 1 September 2022. The 90-day period to make a contribution ended on 30 November 2022, when she was still under the downsizer eligibility age which applied at that date (60 years). Even though the downsizer eligibility age was later lowered, we do not consider it appropriate to allow an extension of time so that an individual can meet the later age eligibility requirement.*

*Carly is not eligible to make a downsizer contribution.*

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## More information

**For more information, see:**

- Law Companion Ruling [LCR 2018/9 Housing affordability measures: contributing the proceeds of downsizing to superannuation](#)
- [Downsizing contributions into superannuation](#)

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## References:

ITAA 1997 Subdiv 118-B  
ITAA 1997 292-102

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### Amendment history

Date of amendment	Part	Comment
25 October 2023	Throughout	Updated to reflect legislative amendments since publication.

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