



SCD 2003/4 - Superannuation contributions: what are the surchargeable contributions threshold and the indexable amounts for the 2003-2004 financial year under the Superannuation Contributions 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 *11 August 2004*

Superannuation Contributions Determination

Superannuation contributions: what are the surchargeable contributions threshold and the indexable amounts for the 2003-2004 financial year under the *Superannuation Contributions Tax Imposition Act 1997*?

Preamble

Superannuation Contributions Determinations (SCDs) 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.

[Note: This is a consolidated version of this document. Refer to the Tax Office Legal Database (<http://law.ato.gov.au>) to check its currency and to view the details of all changes.]

1. The *Superannuation Contributions Tax Imposition Act 1997* (the SCTIA) provides that for each financial year the surchargeable contributions threshold and the indexable amounts are to be amounts which reflect movements in full-time adult average weekly ordinary time earnings (AWOTE).

Surchargeable contributions threshold

2. In accordance with subsection 6(2) of the SCTIA, the **surchargeable contributions threshold** is the amount worked out using the formula:

$$\text{previous threshold} \times \text{indexation factor} \times \frac{\text{current charge percentage}}{\text{previous charge percentage}}$$

3. The **previous threshold** is the surchargeable contributions threshold for the financial year immediately before the relevant financial year. Under subsection 6(1) of the SCTIA, the surchargeable contributions threshold for the 2002-2003 financial year was \$3,880.

4. The **indexation factor** is worked out under subsections 9(4) and (5) of the *Superannuation Contributions Tax (Assessment and Collection) Act 1997*. This 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. The index number for a quarter is the AWOTE estimate for the middle month of the quarter published by the Australian Statistician. The Australian Statistician's AWOTE estimate for February 2003

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was \$900.40 and the estimate for February 2002 was \$860.50. This produces an indexation factor of 1.046.

5. For the 2003-2004 financial year, the **current charge percentage**-the number that is the employer's charge percentage under the Superannuation *Guarantee (Administration) Act 1992* for the relevant financial year is 9. The **previous charge percentage**-the number that is the employer's charge percentage under that Act, for the financial year immediately before the relevant financial year is 9.

6. Applying the formula in paragraph 2, the surchargeable contributions threshold for the 2003-2004 financial year is:

\$4,058

Indexable amounts

7. In accordance with subsection 7(1) of the SCTIA, each **indexable amount** is worked out using the formula:

previous indexable amount x relevant indexation factor.

8. The **previous indexable amount** is the indexable amount for the financial year immediately before the indexing financial year. The indexing financial year is the 2003-2004 financial year or a later financial year. For the purpose of this Determination, the previous indexable amounts, as advised by Superannuation Contributions Determination SCD 2002/4, are \$90,527 and \$109,924.

9. The **relevant indexation factor** is the indexation factor for the indexing financial year and is calculated in the same way as described in paragraph 4. The factor is 1.046.

10. Applying the formula in paragraph 7, the indexable amounts for the 2003-2004 financial year are:

\$94,691

\$114,981

Commissioner of Taxation

4 June 2003

Previous draft:

Not previously released in draft form

Related Rulings/Determinations:

SCD 97/1; SCD 98/3; SCD 1999/1; SCD 2000/4; SCD 2001/4; SCD 2002/4; SCD 2003/1;
SCD 2003/2; SCD 2003/3

Subject references:

- average weekly ordinary time earnings
- earnings base
- financial year
- indexation
- indexation factor
- minimum contribution base
- superannuation contributions
- surcharge
- surcharge threshold
- threshold

Legislative references:

- SCT(AC)A 1997 9(4)
- SCT(AC)A 1997 9(5)
- SCTIA 1997 6(1)
- SCTIA 1997 6(2)
- SCTIA 1997 7(1)
- SGAA 1992

ATO References

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