



SCD 2005/4 - Superannuation contributions: what are the surchargeable contributions threshold and the indexable amounts for the 2005-2006 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 *22 June 2005*



Superannuation Contributions Determination

Superannuation contributions: what are the surchargeable contributions threshold and the indexable amounts for the 2005-2006 financial year under the *Superannuation Contributions Tax Imposition Act 1997*?

Preamble

Superannuation Contributions 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.

[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* (SCTIA) provides that for each financial year the surchargeable contributions threshold and each indexable amount are to be amounts which reflect movements in full-time adult average weekly ordinary time earnings (AWOTE).¹

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. For the purpose of this Determination, the previous threshold as advised by Superannuation Contributions Determination SCD 2004/4 is \$4,273.

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 superannuation contributions made on or after 1 July 2005.

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4. The **indexation factor** is worked out under subsections 9(4) and 9(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 2005 was \$992.90 and the estimate for February 2004 was \$947.80. This produces an indexation factor of 1.048.

5. For the 2005-2006 financial year, the **current charge percentage** – the number that is the employer's charge percentage under subsection 19(2) of 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 subsection 19(2) of that Act, for the financial year immediately before the relevant financial year – is also 9.

6. Applying the formula in subsection 6(2) of the SCTIA, the surchargeable contributions threshold for the 2005-2006 financial year is:

- **\$4,478.**

Indexable amounts

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

$$\text{previous indexable amount} \times \text{relevant indexation factor}$$

8. The **previous indexable amount** is the indexable amount for the financial year immediately before the indexing financial year. An indexing financial year is the 2004-2005 financial year or a later financial year. For the purpose of this Determination, the previous indexable amounts as set out in Superannuation Contributions Determination SCD 2004/4 are \$99,710 (lower income amount) and \$121,075 (higher income amount).

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 of this Determination. The factor is 1.048.

10. For the purpose of subsection 5(1AA) of the SCTIA, the indexable amounts (as calculated under section 7) for the 2005-2006 financial year are:

- **\$104,496** (the lower income amount); and
- **\$126,887** (the higher income amount).

11. These indexable amounts are relevant for working out the rate of the superannuation contributions surcharge that applies to a member in a particular year under section 5 of the SCTIA. 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 SCTIA.

Date of effect

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

Commissioner of Taxation8 June 2005

Previous draft:

Not previously issued as a draft

Previous Determinations:

SCD 97/1; SCD 97/4; SCD 98/3; SCD 98/6;
SCD 1999/1; SCD 1999/4; SCD 2000/4;
SCD 2001/4; SCD 2002/4; SCD 2003/4;
SCD 2004/4

Related Determinations:

SCD 2005/1; SCD 2005/2; SCD 2005/3;
SCD 2005/5

Subject references:

- average weekly ordinary time earnings
- current charge percentage
- financial year
- higher income amount
- indexable amount
- indexation

- indexation factor
- lower income amount
- previous charge percentage
- superannuation contributions
- surcharge
- surcharge threshold
- surchargeable contributions threshold
- threshold

Legislative references:

- SCT(AC)A 1997 9(4)
- SCT(AC)A 1997 9(5)
- SCTIA 1997 5
- SCTIA 1997 5(1)
- SCTIA 1997 5(1AA)
- SCTIA 1997 6(2)
- SCTIA 1997 7
- SCTIA 1997 7(1)
- SGAA 1992 19(2)

ATO references

NO: 2004/6292
ISSN: 1329-2471
ATOlaw topic: Superannuation Entities ~ Administration
Superannuation Contributions Tax