



SCD 97/4 - Superannuation contributions: what are the surchargeable contributions threshold and the indexable amounts for the 1997-98 financial year under the Superannuation Contributions Tax Imposition Act 1997 ?

 This cover sheet is provided for information only. It does not form part of *SCD 97/4 - Superannuation contributions: what are the surchargeable contributions threshold and the indexable amounts for the 1997-98 financial year under the Superannuation Contributions Tax Imposition Act 1997 ?*

 This document has changed over time. This is a consolidated version of the ruling which was published on *30 July 1997*

Superannuation Contributions Determinations do not have the force of law. Each decision made by the Australian Taxation Office is made on the merits of each individual case having regard to any relevant Determinations and Rulings.

Superannuation Contributions Determination

Superannuation contributions: what are the surchargeable contributions threshold and the indexable amounts for the 1997-98 financial year under the *Superannuation Contributions Tax Imposition Act 1997*?

1. The *Superannuation Contributions Tax Imposition Act 1997* (the Act) 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.

Surchargeable contributions threshold

2. In accordance with subsection 6(2) of the Act, 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 Act, the surchargeable contributions threshold for the 1996-97 financial year was \$2,000.

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 estimate of full-time adult average weekly ordinary time earnings for the middle month of the quarter published by the Australian Statistician. The Australian Statistician's estimate of the full-time adult average weekly ordinary time earnings for February 1997 was \$696.10 and the estimate for February 1996 was \$665.80. This produces an indexation factor of 1.046.

5. For the 1997-98 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 6. 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 6.

6. Applying the formula in paragraph 2, the surchargeable contributions threshold for the 1997-98 financial year is:

\$2,092.

Indexable amounts

7. In accordance with subsection 7(1) of the Act, 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 1997-98 financial year or a later financial year. For the purpose of this Determination, the previous indexable amounts, being the indexable amounts stated in section 5 of the Act, are \$1,000; \$70,000 and \$85,000.

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 above. The factor is 1.046.

10. Applying the formula in paragraph 7, the indexable amounts for the 1997-98 financial year are:

\$1,046

\$73,220

\$88,910.

Commissioner of Taxation

30 July 1997

FOI INDEX DETAIL: [Reference No.](#) I 1218370

Not previously released in draft form

[Related Determinations:](#) SCD 97/1; SCD 97/2; SCD 97/3

[Related Rulings:](#)

[Subject Ref:](#) average weekly ordinary time earnings; earnings base; financial year; indexable amount; indexation; indexation factor; minimum contribution base; superannuation contributions; surcharge; surchargeable threshold; threshold

[Legislative Ref:](#) SCT(AC)A 9(4); SCT(AC)A 9(5); SCTIA 5; SCTIA 6(1); SCTIA 6(2); SCTIA 7(1); SGAA 20; SGAA 21

[Case Ref:](#)

[ATO Ref:](#) 97/6479-8

ISSN 1329 - 2471