

Contributions

May 2023

This Fact Sheet provides details about contributions, tax on contributions and the contribution limits.

Types of contributions

This table shows different types of contributions and the age you can receive them in your super:

Type of contribution	You are under age 60 to 75	You have reached age 75
Personal (after-tax) contributions, including contributions for which you intend to claim a tax deduction	Any time*	Not permitted**
Downsizing contributions	Permitted from age 55	Any time
Compulsory employer contributions (includes Superannuation Guarantee (SG) contributions and/or contributions required by law)	Any time	Any time
Additional employer contributions (includes salary sacrifice contributions)	Any time	Not permitted**
Spouse contributions (contributions your spouse makes to your super)	Any time	Not permitted**
Transfers from an overseas fund	Any time [^]	Not permitted**

Notes to table:

* The conditions for claiming a tax deduction include a work test for those age 67-74 (see later in this Fact Sheet for more details).

** Contributions based on the age 74 rules can be accepted up to 28 days after the end of the month you have turned 75 years of age.

[^] The Mercer Super Trust may not be able to accept transfers from all overseas funds

Refer to the ATO website ato.gov.au for more information.

"Customer" in this Fact Sheet means member of Virgin Money Super.

A super fund cannot accept contributions from you or for you (except contributions made by your employer) if you have not given it your Tax File Number (TFN).

There are no restrictions on receipt of Government contributions (refer to the *Government Contributions* Fact Sheet at virginmoney.com.au/super or go to www.ato.gov.au for further details).

The Trustee may also accept contributions in respect of a member if the trustee is reasonably satisfied that the contribution is in respect of a period during which the contributions would have been permitted if paid in that period.

Concessional contributions

Concessional contributions include:

- employer contributions (including compulsory SG, voluntary employer contributions and salary sacrifice) from all employers,
- personal contributions to super for which you have been able to claim a tax deduction,
- certain allocations from reserves of a super plan,
- certain contributions made by other people (excluding your spouse), and
- some types of transfers from an overseas fund

If you are a defined benefit super fund member, concessional contributions also include notional taxed contributions, which are determined based on the notional taxed contribution rate that applies to you. For details of your notional taxed contributions and your notional taxed contribution rate, refer to your online account.

Non- concessional contributions

Non-concessional contributions include:

- contributions you make from your after-tax salary (except any such contributions for which you have been able to claim a tax deduction),
- contributions your spouse makes to your super,
- concessional contributions over the concessional contributions cap (unless refunded),
- certain amounts allocated by the trustee, and
- some transfers from an overseas fund.

A super fund can only accept these contributions if you have given it your TFN.

Salary sacrifice

You can make regular personal contributions on a before tax or salary sacrifice basis, as long as you have your employer's approval and you are under age 75.

Depending on your situation, salary sacrificing into super may save you tax. You don't generally pay personal income tax on the part of your salary that's going into super. Instead your contributions are generally taxed at a concessional rate which may be lower than your personal income tax rate.

We recommend you speak to a licensed, or appropriately authorised, financial adviser before choosing to contribute on a salary sacrifice basis.

First Home Super Saver Scheme (Scheme)

You may be able to apply to withdraw part of your super to purchase a first home. The maximum amount will be calculated by the Australian Taxation Office (ATO) based on your personal voluntary super contributions, including salary sacrifice contributions, made after 1 July 2017.

You can contribute up to \$15,000 per year and \$50,000 in total under the Scheme. These contributions must be made within existing contributions caps (for details see Contributions caps section later in this Fact Sheet). The calculation of the maximum withdrawal amount allows for the 15% tax payable by your fund on any salary sacrifice contributions and on any contributions for which you claim a tax deduction.

You need to meet certain conditions to be eligible for a withdrawal under the Scheme. The main eligibility rules are that you:

- must be aged 18 or over,
- must have not previously used the Scheme,
- must have not owned a property in Australia (unless this condition is waived by the ATO due to financial hardship),
- intend to buy a property within 12 months from the date of the withdrawal from your fund,
- must buy a residential property and not a property that cannot be occupied as a residence, a houseboat, a motor home or a vacant property (unless you are planning to build), and
- intend to live in the property for at least six months of the first 12 months you own it or after it is practical to move in.

The Scheme can also be used by those intending to build a home.

To make a withdrawal under the Scheme, you will need to make an application to the ATO. If eligible, the ATO will determine how much you can withdraw and arrange for the release of the money from your super fund. Any part of the withdrawal that relates to undeducted after-tax contributions will not be subject to tax, with the remainder taxed at your marginal tax rate less a 30% tax offset.

If you do not sign a contract to purchase or commence construction of a home within the required period and notify this to the ATO, you must:

- apply for an extension of time for a maximum of a further 12 months,
- recontribute the amount (net of tax) into a superannuation fund (as a non – concessional contribution), or
- pay a tax of 20% of the assessable amount released.

Refer to the ATO website ato.gov.au for more information about these rules.

Downsizing contributions

You may be able to contribute some or all of the proceeds of the sale of your main residence into your super.

If you are aged 55 or over you will be able to make an after-tax contribution to your super up to a maximum amount of \$300,000 (\$600,000 for couples) using the proceeds from the sale of your main residence as long as you meet the following conditions:

- you owned the home for at least 10 years,
- the proceeds from sale are exempt or partially exempt from the capital gains tax (CGT),
- you provide your super fund with the downsizing contribution form, either before or at the time of making your downsizing contribution,
- you make your downsizing contribution within 90 days of receiving the proceeds of sale, and
- you have not previously made a downsizing contribution to your super from the sale of another home.

A downsizing contribution is not counted against your non-concessional contribution cap (see Contributions caps section later in this Fact Sheet).

Refer to the ATO website ato.gov.au for more information about these rules.

Contribution splitting

You may be able to split your super contributions with your eligible spouse and transfer permitted contributions to an account in the name of your eligible spouse in a complying superannuation fund.

An eligible spouse includes:

- your husband or wife
- another person with whom you are in a registered relationship, or
- another person who, although not legally married to you, lives with you on a genuine domestic basis in a relationship as a couple.

An eligible spouse must not have permanently retired (if past their preservation age) or reached age 65.

You will generally be able to request a contribution split of up to 85% of concessional contributions. You must also maintain an account balance in the Mercer Super Trust of at least \$5,000.

Any contributions that you split will continue to be counted towards your concessional contribution limit.

You cannot split the following contributions:

- contributions over the concessional contribution limit, untaxed contributions including member contributions (but excluding contributions for which you have advised the trustee that you are claiming a tax deduction or salary sacrifice contributions), eligible spouse contributions and amounts contributed by the Government
- amounts rolled over or transferred into the Mercer Super Trust
- lump sum payments from an overseas super fund
- notional contributions relating to a member's defined benefit, and
- contributions that legislation restricts or prohibits splitting. You will be advised when you request a split if this applies to you.

When you can split contributions

You can request to split all or part of a previous financial year's contributions i.e. contributions from 1 July to 30 June, once that financial year is over. You have up to 12 months from the end of that financial year to request a contribution split.

If you leave your Plan before the 12 months is over, the trustee must receive your request to split contributions on or before the time that your super is paid out, rolled over or transferred to another super fund.

You may also be able to split contributions made in the financial year of your super payout. You will need to provide your request to split contributions to the trustee on or before the time that your super is paid out, rolled over or transferred to another super fund.

Only one split of contributions for a financial year is permitted.

To request a contribution split, you must complete the correct form, which is available on virginmoney.com.au (sign in using your personal login) or call the Helpline.

We recommend you seek advice from a licensed or appropriately authorised, financial adviser before making any decision about contribution splitting.

Tax on contributions

The amount of tax payable on super contributions depends on:

- whether the contribution is concessional or nonconcessional (described below),
- the amount of the contribution,
- whether you have provided your super fund with a TFN,
- your total superannuation balances, and
- in some cases, your income.

Concessional contributions are generally taxed at 15% when received by a super fund.

Allowance for this tax is deducted from your super account and is calculated as 15% of your net concessional contributions after relevant insurance premiums are deducted.

Non-concessional contributions are generally tax free when received by a super fund.

Additional tax for high income earners

If your income (see below) is \$250,000 or more, you will need to pay an additional tax of 15% on some or all of your concessional contributions.

If your income excluding non-excess concessional contributions is less than \$250,000, the additional tax only applies to the part of your non-excess concessional contributions that takes your income over the \$250,000 threshold.

You will receive an assessment notice from the ATO if you need to pay this tax. You can generally pay it from your super account.

If you have defined benefits, it will generally be possible to defer tax which relates to your defined benefits. You will generally have to pay this tax (plus interest) when you receive your benefits.

Your income for contributions tax purposes includes:

- your taxable income (including excess concessional contributions and the taxable component of any super benefit you receive*)
- your reportable fringe benefits
- your total net investment loss, and
- any non-excess concessional contributions.

* If you are between your preservation age and age 60 and receive a super benefit where a tax offset reduces tax on part or all of the taxable component to zero, this part of the benefit is not counted as income. This applies to amounts up to \$230,000 for the 2022/2023 financial year and \$235,000 for the 2023/2024 financial year.

Additional tax for high income earners

A super fund can't accept contributions from you or for you (except contributions made by your employer), if you do not give it your TFN.

If you don't give your TFN to your super fund, your fund will have to pay extra tax of 32% of all your concessional contributions and will deduct this from your account. If your fund has already paid this extra tax, you can still give your super fund your TFN. Your super fund may be able to claim the extra tax back from the ATO and put it in your super account, however there are timeframes and limitations on reclaiming backdated contributions.

If you leave your fund before submitting your TFN and your fund has paid extra tax to the ATO for you, you may be able to request a refund of this extra tax. Call the Customer Care Team on **1300 652 770** for information about this process.

Claiming a tax deduction for your super contributions

You may be eligible to claim a tax deduction for your super contributions, if:

- the contributions were received by the fund no later than 28 days after the end of the month in which you turned 75,
- in the circumstances where the contributions were made when you were aged 67 or over,
 - o you worked at least 40 hours over 30 consecutive days in the financial year the contribution was made (the Work Test); or
 - o you had a superannuation balance of less than \$300,000 at 30 June of the previous financial year and met the Work Test requirement in the previous financial year and have not previously utilised this exemption from the Work Test¹.
- the contributions are not Downsizing contributions,
- you give a valid notice to the super fund of your intention to claim a deduction and the super fund acknowledges your notice, and
- the notice is given to the super fund by the earlier of:
 - the day you lodge your income tax return for the year in which you made the contributions, or
 - the end of the financial year following the year the contribution was made.

A notice will not be valid and you won't be able to claim if:

- the notice does not meet ATO requirements,
- you have left the super fund you are issuing the notice to,
- the trustee no longer holds that contribution for you (i.e. if you have made a partial withdrawal from your super fund, you may only be able to claim a deduction on part of your contribution), or
- the trustee has started to pay an income stream or pension to you.

Your deductible superannuation contributions plus your other concessional contributions are limited to your concessional contributions cap.

Call the Customer Care Team for more information about claiming a deduction.

Spouse contributions tax offset

If your income (assessable income, reportable fringe benefits and reportable employer superannuation contributions) is \$37,000 or less, your spouse may be entitled to a tax offset of 18% for contributions (up to \$3,000) they make for you. If your income is between \$37,000 and \$40,000, you may be entitled to a reduced tax offset.

You need to meet certain conditions to be eligible for a tax offset. These include that:

- you must be living with your spouse and you must both be Australian Residents, and
- your total superannuation balance (including any pension balances but excluding any structured settlement amounts) at the prior 30 June was less than \$1.7 million for the (2022/2023 financial year or \$1.9 million for the 2023/2024 financial year), and
- you did not exceed your non-concessional contributions cap for the year.

Contribution caps

Contribution caps apply to most contributions made to your super within a financial year. You may need to pay extra tax on amounts in excess of these caps. If you want to avoid excess contributions, it is your responsibility to make sure that the total amount of each type of contribution to your super does not exceed the limit.

If you have two or more employers and expect your combined employers' mandated concessional super contributions to exceed your concessional contributions cap for a financial year, you can apply to opt out of receiving SG from some of your employers. You still need to receive super contributions from at least one of your employers. Refer to the ATO website ato.gov.au for further details.

Concessional contributions cap

The general concessional contributions cap for the 2022/2023 and 2023/2024 financial years is \$27,500 for all individuals regardless of age.

If you have a total superannuation balance of less than \$500,000 on 30 June of the previous financial year, you may be entitled to contribute more than the general concessional contributions cap and make additional concessional contributions for any unused cap amounts in the previous five years (but only counting unused caps in 2018/2019 and later years).

The ATO will work out whether you have exceeded your cap and will notify you if you need to pay additional tax.

Non-concessional contributions cap

Unless a zero cap applies (see below), the annual non-concessional contributions cap is \$110,000 and applies to all ages. (Note non-concessional contributions other than Downsizing contributions cannot be accepted if you have reached age 75).

If you are under age 75, you can generally bring forward two financial years of non-concessional contributions and make total non-concessional contributions of up to three times the annual nonconcessional contributions cap over a three year period.

The bring-forward provision is automatically triggered if you contribute more than the annual nonconcessional contributions cap (\$110,000 currently) in a financial year ('the first year').

If that first year's contribution, plus the next two financial years' non-concessional contributions, exceeds three times the annual non-concessional contributions cap applicable in the first year, the amount over this cap will be considered an excess non-concessional contribution.

Over-riding all of the above, a non-concessional contributions cap of zero will apply if your total superannuation balance (including any pension balances but excluding any structured settlement amounts) was \$1.7 million* or more at the prior 30 June, along with modified bring-forward provisions if your total super balance was \$1.48** million or more at the prior 30 June.

* This will be \$1.9 million for the 2023/2024 financial year.

** This will be \$1.68 million for the 2023/2024 financial year.

Exemptions from contributions caps

Certain contributions are not considered concessional or non-concessional contributions. These may be subject to other, specific, contribution standards and limitations.

Subject to meeting relevant conditions, the following may be partially or fully exempt from the nonconcessional contributions cap:

- specific contributions made from the disposal of qualifying small business assets which are elected to count against the super capital gains tax (CGT) cap,
- certain contributions made from a personal injury payment (also known as a structured settlement),
- Downsizing contributions (but to start a retirement phase pension will still count towards your transfer balance cap), and
- re-contributions of COVID-19 early release amounts made between 1 July 2021 and 30 June 2030.

Refer to the ATO website ato.gov.au for more information about these rules.

If you exceed the caps

The ATO will send you an excess contributions assessment if you exceed a cap. You can then elect to get a refund of the excess contributions (less the 15% contributions tax for excess concessional contributions).

Excess concessional contributions

- Your excess concessional contributions will be treated as assessable income and taxed at your marginal income tax rate,
- The ATO will apply a tax offset of 15% (reflecting the contributions tax paid by the super fund) that will result in you having to pay the same amount of tax overall as if you had received the excess contributions as salary
- If not refunded, the excess amount will be counted towards your non-concessional contributions.

Excess non-concessional contributions

After receiving your assessment, you can choose for your super fund to refund your excess nonconcessional contributions, including 85% of notional investment earnings on those contributions. If you do not obtain a refund of your excess contributions, they will be taxed at 47%.

The ATO will count the full amount of refunded notional investment earnings as assessable income and will tax you at your marginal rate. They will, however, apply a 15% tax offset to recognise these earnings have already been taxed in the fund.

What you need to do

The ATO will tell you how to get your excess contributions refunded or pay the extra tax when they send you an excess contributions assessment.

Different rules apply, depending on when the excess contributions were made and whether the assessment relates to concessional or nonconcessional contributions.

If you have enough super, you can generally ask the ATO to get your super fund to pay the tax from your super account. If we pay your tax from your super, or refund any excess contributions, we will charge you a withdrawal fee.

We may not be able to pay or refund tax from any defined benefit you might have in your plan.

Call the Customer Care Team on **1300 652 770** for more information about this process.

If you need more information

Refer to the ATO website ato.gov.au for more general information or log in to your myGov account and go to the ATO Superannuation section for information including super contributions reported for you and how you are tracking against your personal contribution caps.

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