

Super contribution limits

Superannuation plays an important part in securing your lifestyle in retirement. Apart from the compulsory super contributions made by your employer (called super guarantee or SG), you can contribute extra to your super to help increase your savings for the future. However, there are limits on how much you can contribute before you pay extra tax.

The different limits (known as caps) depend on the type of contributions made into your super fund.

Concessional (before-tax) contributions

Concessional contributions are contributions made into your super fund before any tax is paid on them.

They can include:

- compulsory super payments (SG) made by your employer
- salary sacrifice contributions
- costs your employer pays on your behalf, such as super administration fees and insurance premiums
- some personal contributions, such as super payments you make if you're self-employed – if an income tax deduction is allowed.

Once in your fund, these contributions are taxed at 15%.

Non-concessional (after-tax) contributions

Non-concessional contributions are generally contributions you make into your super fund after tax has been paid on them.

They include:

- personal contributions you make from your after-tax pay, that you are not allowed to claim as an income tax deduction
- contributions your spouse makes to your fund on your behalf (unless your spouse makes the contributions because they're your employer)
- excess concessional contributions you have not elected to release from your super fund.

Contribution caps

For the 2016–17 financial year the general concessional contributions cap for those younger than 50 years old in the 2016–17 financial year is \$30,000.

However, if you turn 50 years or older in 2016–17 you can contribute up to \$35,000 before you may have to pay extra tax.

The non-concessional cap is \$180,000 for 2016–17.

Table: Contribution caps 2016–17

	Limit (cap)
Concessional	\$30,000 (if under 50 years in 2016–17)
Concessional	\$35,000 (if turning 50 years old or older in 2016–17)

If you go over the concessional contributions cap

From 1 July 2013, if you go over the concessional cap, we will include your excess contributions in your assessable income and you will be taxed at your marginal tax rate. You will also have to pay the excess concessional contributions charge (ECC) on the increase in your tax liability. We will send you an ECC determination that shows the amount of ECC and the ECC charge.

You can choose to release up to 85% of your ECC from your super fund by completing an *Excess concessional contributions election form* (NAT 74825-4.2015) and sending it to us within 21 days of your ECC determination issue date. You can only release up to 85% because 15% tax has already been paid by your super fund. You will receive a 15% non-refundable tax offset in your tax return to allow for this. Released contributions will not be counted as non-concessional contributions.

If you go over the non-concessional contributions cap

From 1 July 2013, if you go over your non-concessional contributions cap, you will receive an excess non-concessional contributions determination. You can then choose how your excess contributions are taxed by completing an *Excess non-concessional contributions Election form* (NAT74824-4.2015) and sending it to us within 60 days of your excess non-concessional contributions determination issue date. You can choose from one of the following options:

Option 1 – release amounts from superannuation

- you choose to release all of your excess contributions and 85% of your associated earnings from your super fund. You can only release up to 85% as 15% tax has already been paid on the earnings by your super fund
- the total amount of your associated earnings are included in your assessable income and taxed at your marginal tax rate. You receive a 15% non-refundable tax offset to allow for the 15% tax paid by your fund
- we issue a release authority to funds you nominate and they pay this amount to you.

Option 2 – pay excess non-concessional contributions tax

- you choose not to release your excess non-concessional contributions from your super fund
- you will receive an excess non-concessional contributions tax assessment where the excess amount will be taxed at the highest marginal tax rate – 49% in 2016-17
- you receive a compulsory release authority with your assessment which must be given to your super fund to pay the amount of the assessment.

Option 3 – advise you have no money or assets in any super fund

- if you advise us that the value of your super interests is zero and we are satisfied, you will receive a direction notice
- the full amount of your associated earnings will be included in your assessable income and taxed at your marginal tax rate
- a non-refundable tax offset equal to 15% of your associated earnings is applied to allow for the 15% tax already paid by your fund.

If you don't choose an option

If we don't receive a valid election form within 60 days of the determination letter issue date, we will issue you with an excess non-concessional contributions tax assessment. It will be as though you chose option 2.

Bring forward provision

If you are under age 65 in the relevant financial year you can bring forward the next two years of non-concessional contributions using the bring forward provision. The cap amount that applies is three times the non-concessional contributions cap for the financial year when you make the contribution.

Avoiding extra tax

Check your contributions regularly to make sure you aren't going to exceed the caps. When you work out how much you're contributing in any financial year, remember that contributions count when they are received by your fund – not when the payment was sent.

If you salary sacrifice to super and you think you're at risk of exceeding the cap, consider reducing your salary sacrifice amounts.

More information

If you're unsure about how much is being contributed to your super or when payments will be received by your fund, talk to your employer or fund.

It's also a good idea to talk to your tax agent or financial adviser before making any decisions about your super.

If you need more information about super contributions, you can visit ato.gov.au/supercaps.

For more information about super, you can:

- visit ato.gov.au/yoursuper
- phone **13 10 20**.

You can also find us on:

- Facebook at facebook.com/atogovau
- Twitter at twitter.com/ato_gov_au
- YouTube at youtube.com/AusTaxOffice

If you do not speak English well and need help from the ATO, phone the translating and interpreting service on **13 14 50**.

If you are deaf or have a hearing or speech impairment, phone us through the National Relay Service (NRS) on the numbers listed below, and ask for the ATO number you need:

- TTY users, phone **13 36 77**. For ATO 1800 free-call numbers, phone **1800 555 677**.
- Speak and Listen users, phone **1300 555 727**.
- For ATO 1800 free-call numbers, phone **1800 555 727**.
- Internet relay users, connect to the NRS at relayservice.com.au