



Superannuation funds excess contributions tax

As we welcome in the new financial year, we strongly encourage super fund members to keep a close eye on current salary sacrifice arrangements to ascertain whether you are at risk of being subject to excess contributions tax in the 2012/13 financial year.

The last few financial years have seen a high number of taxpayers caught out due to excess contributions from salary sacrifice arrangements and members not keeping track of the dates on which employers have paid contributions on their behalf.

The concessional cap for 2012-13 has been reduced to \$25,000 for members over the age of 50 and remains at last year's level of \$25,000 for members who are yet to reach age 50.

Members should also note that from 1 July 2012, those earning over \$300,000 will now pay tax on their contributions at a 30% tax rate.

You might find that, particularly for those over 50 years of age, your current salary arrangement means you will exceed the cap for this coming year. However, if you will be over or close to the limit, you still have time to make an adjustment to your rate of contributions to bring yourself within the appropriate cap.

Fund members who make extra large contributions (including those making an effort to expand their super balances in the last few years before retiring) are at particular risk of making excess contributions in 2012-13.

Members should not under-estimate the effects of excess contributions. Those who exceed the caps on both concessional and non-concessional contributions could be taxed as much as 93% on some contributions. This means that some contributions could be almost completely obliterated by tax.

Contact us

For further clarification on the above or for information on how we can help you, please contact us:

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