

# 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 at any time 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.

## Contribution caps

For the 2014–15 financial year the general concessional contributions cap for those younger than 50 years old in the 2014–15 financial year is \$30,000.

However, if you turn 50 years or older in 2014–15 you can contribute up to \$35,000 before you may have to pay extra tax.

The non-concessional cap is \$180,000 for 2014–15.

**Table: Contribution caps 2014–15**

	Limit (cap)	Tax rate if you go over the cap
<b>Concessional</b>	\$30,000 (if under 50 years in 2014–15)	Amounts over \$30,000 will be added to your assessable income and taxed at your marginal tax rate
<b>Concessional</b>	\$35,000 (if turning 50 years old or older in 2014–15)	Amounts over \$35,000 will be added to your assessable income and taxed at your marginal tax rate
<b>Non-concessional</b>	\$180,000	49% for amounts over \$180,000  However, the government has proposed that amounts over \$180,000 may be withdrawn, along with any associated earnings. The earnings would be taxed at your marginal tax rate. This proposal has not yet become law.



## If you go over the super caps

From 1 July 2013, if you go over the **concessional** cap, your excess contributions will be included in your assessable income and taxed at your marginal tax rate (plus an interest charge).

To assist you in paying the additional tax bill, you may release up to 85% of the excess concessional contributions from your super fund. You can only release up to 85% because 15% contributions tax has already been paid by your super fund. Released contributions will no longer be counted as non-concessional contributions. You will receive a 15% tax offset for this in your tax return.

If you go over the **non-concessional** cap, you will receive an excess non-concessional assessment.

You can go over the non-concessional cap by up to two years' worth of contributions without penalty if you are under age 65 in the relevant financial year. This is called the bring forward provision. The cap amount that applies is three times the non-concessional contributions cap for the financial year in which you make the contribution.

The government has proposed that non-concessional contributions over \$180,000 may be withdrawn, along with any associated earnings. The earnings would be taxed at your marginal tax rate. This proposal has not yet become law.

## 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](http://ato.gov.au/supercaps)

For more information about the changes to super, you can:

- visit [ato.gov.au/yoursuper](http://ato.gov.au/yoursuper)
- phone **13 10 20**.

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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**.
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