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Claiming a tax deduction for personal contributions

Are you eligible to claim a tax deduction?

You can claim a tax deduction for personal super contributions if you have sufficient assessable income and you satisfy the following eligibility requirements:

- If you are under age 18 at the end of the income year in which you made the contribution, you can only claim a tax deduction if you earned income as an employee or business operator.
- You are age 18 or over and eligible to contribute to super.
- From 1 July 2020, the age for making or receiving voluntary contributions without satisfying a work test has been raised from age 65 to age 67.
- If you are age 75 or over, you can only claim a deduction for contributions you made before the 28th day of the month following the month in which you turned 75 (you must also satisfy the above work test or work test exemption conditions).

You cannot claim a tax deduction for any salary sacrifice contributions made to your account (as these are treated as employer contributions) or any spouse contributions paid into your account (however your spouse may be eligible to claim a spouse superannuation contributions tax offset).

How much can you claim?

Provided you are elgibile, you can claim all your personal contributions to superannuation as a tax deduction.
Care should be taken to ensure the total of your personal contributions claimed as a tax deduction plus any employer contributions made to super on your behalf, do not exceed the concessional contributions cap. The concessional contributions cap for 2020/21 is $25,000 and $27,500 for 2021/22.

Please refer to 'More information about your tax-deductible personal contributions'.

How do you claim a tax deduction?

In order to claim a tax deduction you must complete and return the 'Notice of intent to claim or vary a deduction for personal superannuation contributions' (Notice).

When the Notice has been received, we will send you a written acknowledgement which you will need to retain for your tax records. Under taxation law you cannot claim a tax deduction for your personal contributions unless you have written acknowledgement from the Trustee.

When do you have to return the Notice?

To claim a tax deduction for contributions you make during the relevant financial year, you must return the Notice before you submit your tax return for the financial year in which you are claiming the tax deduction and no later than 30 June of the following financial year. Also if you intend to commence a pension or withdraw your benefits from the fund, you must provide a Notice to the Trustee in respect of any personal contributions you wish to claim as a tax deduction before you take this action. A Notice cannot be accepted after either of these events has occurred.

Further, if you make a partial withdrawal, some or all of your personal contributions may be included in the withdrawal. Unless a Notice is provided before the withdrawal, the amount of contributions you can claim as a deduction may be reduced.

If you are claiming a tax deduction for more than one financial year, please submit a separate Notice for each financial year.

Can you vary an earlier Notice?

You can submit a new Notice to vary the amount provided in a previous Notice, but only to reduce the amount you wish to claim as a tax deduction (including reducing it to nil).

You must submit any variation Notice within the same timeframe as an initial Notice.

You can also put in a variation Notice after the required date if your claim for a deduction (in whole or part) has been rejected by the Australian Taxation Office (ATO).

No variation Notice can be submitted if you have withdrawn your benefits or commenced a pension.

If you have made further contributions after submitting a notice you can submit a new notice to claim on your additional contribution.

For further information on claiming tax deductions for personal superannuation contributions please refer to the ATO website at www.ato.gov.au

More information about your tax-deductible personal contributions

Concessional contributions cap

Tax-deductible personal contributions are classified as concessional contributions and subject to an annual cap. This is called the concessional contributions cap and for the tax years 2018/19 to 20/21 is $25,000. This cap applies to the total amount of concessional contributions made to all super accounts for you during the year, including tax deductible personal contributions, compulsory employer contributions (9.5% super guarantee contributions) and salary sacrifice contributions. If you have an unused concessional contributions cap amount from 2018/19 or a later tax year, you can this carry forward and use it in a later tax year, for up to 5 years. You can only claim carried forward amounts if your total super balance from the previous 30 June is less than $500,000.

For the 2021/22 tax year, the concessional contributions cap will increase to $27,500 and the excess concessional contributions charge will not apply.

What happens if you exceed the concessional contributions cap?

Concessional contributions that exceed the cap are included in your assessable income (with a 15% offset for tax already paid by the super fund) and incur an excess concessional contributions charge plus interest on the increase in income tax payable. The ATO may however offer you the option of a refund of the excess contributions (net of tax already paid by the fund and additional tax/charges owed).

Tax on concessional contributions for those on higher incomes (Division 293 tax)

For those on incomes above $250,000, the ATO will levy an extra tax of 15% on concessional contributions (including tax-deductible personal contributions). This is in addition to the 15% tax already paid by your fund, and brings the rate of tax on concessional contributions for higher income earners to 30%. If you are assessed for this extra tax, you can either pay it directly, or the ATO will allow you to make a withdrawal from the fund to pay the tax.

If you claim a tax deduction for your personal contributions, can you still receive the Government co-contribution?

The Government co-contribution is a valuable addition to your retirement savings for low and middle income earners who make personal (after tax) contributions to superannuation. Called a co-contribution, the government will match 50% of your contributions up to a maximum of $500 provided you meet certain eligibility conditions. However, if you claim a tax deduction for a personal contribution, the amount claimed will not be eligible for the Government co-contribution. Only non-deductible personal contributions in your fund up to $1,000 are eligible for the Government co-contribution.

The Government co-contribution has further income and age eligibility requirements. **You can find more information about the Government co-contribution eligibility conditions on the ATO website www.ato.gov.au**

PLA-19520 (51315) 0721