

SMSF Engine Superannuation Rates and Tax Thresholds 2017-18



CONTRIBUTIONS

CONCESSIONAL CONTRIBUTIONS CAP

Concessional contributions include:

- employer contributions (including contributions made under a salary sacrifice arrangement)
- personal contributions claimed as a tax deduction by a self-employed person.

Income Year	Age	Amount of cap
2017-18	Any Age	\$25,000

UNUSED CONCESSIONAL CAP CARRY FORWARD

From 1 July 2018 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 amounts.

The first year you will be entitled to carry forward unused amounts is the 2019-20 financial year. Unused amounts are available for a maximum of five years, and after this period will expire.

	2017-18	2018-19	2019-20
General contributions cap	\$25k	\$25k	\$25k
Total unused available cap	Not applicable	\$0	\$22k
Maximum cap	\$25k	\$25k	\$47k
Superannuation balance prior year	Not applicable	\$480k	\$490k
Concessional	\$nil	\$3k	\$3k
Unused concessional cap	\$0	\$22,000	\$22,000

Note: This table assumes no indexing of general cap.

GENERAL CONCESSIONAL CONTRIBUTIONS CAP

From 1 July 2017 the general concessional contributions cap is \$25,000 and is indexed in line with average weekly ordinary time earnings (AWOTE), in increments of \$2,500 (rounded down).

EXCESS CONCESSIONAL CONTRIBUTION CHARGE

The excess concessional contributions (ECC) charge is applied to the additional income tax liability arising as a result of having excess concessional contributions included in your income tax return.

NON-CONCESSIONAL CONTRIBUTIONS CAP

Non-concessional contributions include personal contributions for which you do not claim an income tax deduction.

Income Year	Amount of cap
2017-18	\$100,000

Aged under 65 at 1 July may 'bring forward' two years of contributions (i.e. 3 x annual cap).

Aged over 65 at 1 July is restricted to the annual limit.

Post 1 July 2017, taxpayers with a total super balance over \$1.6 million will not be able to make NCCs.

If the bring forward provision is triggered in or before 2016-17 but the full \$540,000 amount is not used, then the bring forward cap available in 2017-18 and 2018-19 will be reduced.

Taxpayers who are approaching a balance of \$1.6 million will have their ability to use the bring forward rule reduced.

Superannuation Balance	Contribution and bring forward available
Less than \$1.3 million	3 years (\$300,000)
\$1.3 - <\$1.4 million	3 years (\$300,000)
\$1.4 - <\$1.5 million	2 years (\$200,000)
\$1.5 - <\$1.6 million	1 year (\$100,000)
\$1.6 million	Nil

CGT CAP AMOUNT

Under the CGT cap, you can during your lifetime exclude non-concessional super contributions from the non-concessional contributions cap up to the CGT cap amount. The CGT cap applies to all excluded CGT contributions, whether they were made between 10 May 2006 and 30 June 2007 or after 30 June 2007.

Income Year	Amount of cap
2017-18	\$1,445,000

DIVISION 293 TAX

From 1 July 2012, Division 293 tax will be applied to certain super contributions to reduce the concessional tax treatment of those contributions made for very high income individuals.

Income Year	The high income threshold
2017-18	\$250,000.

SUPER GUARANTEE

The super guarantee requires employers to provide sufficient super support for their employees.

Period	Super guarantee rate (charge %)
1 July 2017 - 30 June 2018	9.5%
1 July 2018 - 30 June 2019	9.5%
1 July 2019 - 30 June 2020	9.5%

1 July 2020 - 30 June 2021	9.5%
1 July 2021 - 30 June 2022	10.0%

MAXIMUM SUPER CONTRIBUTION BASE

The maximum super contribution base is used to determine the maximum limit on any individual employee's earnings base for each quarter of any financial year. You do not have to provide the minimum support for the part of earnings above this limit.

Income Year	Per quarter
2017-18	\$52,760

SUPER CO-CONTRIBUTIONS

The super co-contribution is designed to assist eligible individuals to save for their retirement. If you are eligible and make personal super contributions during a financial year, the government will match your contribution with a super co-contribution up to certain limits.

CO-CONTRIBUTION INCOME THRESHOLDS

Year	Maximum entitlement	Lower income threshold	Higher income threshold
2017-18	\$500	\$36,813	\$51,813

PAYMENTS FROM SUPER

PRESERVATION AGE

Generally, you must reach preservation age before you can access your super. Use the following table to work out your preservation age.

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
From 1 July 1964	60

Conditions of Release	
Reach preservation age and retire	Temporary or permanent disability
Cease employment (> 60 yrs)	Depart Australia permanently
Aged over 65 years	Financial hardship or compassionate grounds
Transition to Retirement Pension	Cease employment & account
over preservation age	balance < \$200
Death	Terminal medical condition

INCOME STREAMS

MINIMUM ANNUAL PAYMENTS FOR SUPER INCOME STREAMS

A minimum amount is required to be paid each year. There is no maximum amount other than the balance of your super account, unless it is a transition to retirement pension in which case the maximum amount is 10% of the account balance.

Age	Minimum % withdrawal
Under 65	4%
65-74	5%
75-79	6%
80-84	7%
85-89	9%
90-94	11%
95 or more	14%

Note that these withdrawal factors are indicative only.

SUPER INCOME STREAM TAX TABLES

ELEMENT TAXED IN THE FUND OF A SUPER INCOME STREAM

Age of recipient	Taxed Source	Untaxed Source
Age 60 or above	Not assessable, not exempt income	Taxed at marginal rates, with a 10% tax offset
At or above preservation age and under 60	Taxed at marginal tax rates Tax offset of 15% is available	Taxed at marginal rates, with no tax offset
Under preservation age	Taxed at marginal tax rates, with no tax offset. Tax offset of 15% is available if a disability super benefit	Taxed at marginal rates, with no tax offset

The tax-free component is not included. This component is not assessable and not exempt income in all cases.

ANNUITIES AND LIFE EXPECTANCY FACTORS

Refer: www.aga.gov.au/publications/#life_tables

LUMP SUM BENEFITS

LOW RATE CAP AMOUNT

The application of the low rate threshold for super lump sum payments is capped. The low rate cap amount is reduced by any amount previously applied to the low rate threshold.

Income Year	Amount of cap
2017-18	\$200,000

UNTAXED PLAN CAP AMOUNT

The untaxed plan cap amount limits the concessional tax treatment of benefits that have not been subject to contributions tax in a super fund. Indexed in line with AWOTE, in increments of \$5,000 (rounded down).

Income Year	Amount of cap
2017-18	\$1,445,000

LUMP SUM SUPERANNUATION BENEFITS TAX RATES

LUMP SUM PAYMENTS

Component	Age	Amount subject to tax	tax %
taxed element	Under pres age	Whole amount	20.0%
	At or above pres age and under 60	up to the low rate cap amount	Nil
		above the low rate cap amount	15.0%
	Aged 60 or above	Nil - non-assessable and non-exempt income	N/A
untaxed element	Under preservation age	up to untaxed plan cap amount	30.0%
		above untaxed plan cap amount	45.0%
	At or above preservation age and under 60	up to the <u>low rate cap amount</u>	15.0%
		above the low rate cap amount and up to the untaxed plan cap	30.0%
		above the untaxed plan cap	45.0%
		above the untaxed plan cap	45.0%
Aged 60 or above	up to the untaxed plan cap	15.0%	
	above the untaxed plan cap	45.0%	

DEATH BENEFIT

Income component	Age	Amount subject to tax	tax %
to non-dependants - taxable component - taxed element	Any	Whole amount	15.0%
To non-dependants - taxable component - untaxed element	Any	Whole amount	30.0%
To dependants - taxable component - taxed and untaxed elements	Any	None	Nil

OTHER BENEFITS

Income component	Age	Amount subject to tax	tax %
Rollover - taxable component - taxed element	Any	Nil - non-assessable and non-exempt income	N/A
Rollover - taxable component - untaxed element	Any	up to the untaxed plan cap amount is non-assessable and non-exempt income	N/A
		above the untaxed plan cap	45.0%
lump sum benefits less than \$200	Any	None	Nil
lump sum benefit (terminally ill)	Any	None	Nil

\$1.6 MILLION TRANSFER BALANCE CAP

All members who are receiving a pension on 1 July 2017 will have a transfer balance cap of \$1.6 million created at that time.

The cap operates on the basis of "credits" counting to the cap and "debits" removing value from the cap.

Credits	Debits
The value of super interest supporting income streams on 30 June 2017	Commutations of superannuation income streams
Commencement of new superannuation income streams from 1 July 2017 onwards	Structured settlement payment contributed to superannuation
The value of reversionary income streams when an individual becomes entitled to them	Certain payments arising from family law splits, fraudulent or void transaction
Notional earnings accruing to excess transfer balance amounts	

EXCESS TRANSFER BALANCE TAX

Going over the \$1.6 million transfer balance cap will require the excess amounts to be commuted.

Excess amounts will also attract "notional earnings" which count towards the transfer balance cap. Notional earnings are charged at the 90 day bank accepted bill rate plus 7%.

An excess transfer balance tax of 15% applies to the notional earnings.