

Recent changes affecting superannuation

The Government has recently introduced significant changes affecting superannuation contributions, most of which apply **from 1 July 2017**.

We would like to inform you of the key changes, as they may impact on your future contribution plans.

From 1 July 2017, the following key changes to the contribution rules will apply:

- (a) **Non-concessional (or personal non-deductible) contributions**
 - **Reduced non-concessional contribution limits** – The annual contribution limit has been reduced from \$180,000 to **\$100,000** per person. Furthermore, the \$540,000 ‘bring forward amount has been reduced to **\$300,000** (i.e., 3 x \$100,000 annual non-concessional contributions limit).
 - **New \$1.6 million superannuation balance restriction for non-concessional contributions** – An individual who has total superannuation entitlements of at least \$1.6 million at the start of an income year will not be able to make non-concessional contributions in that year without breaching their limit.
- (b) **A reduced concessional (or deductible) contributions limit** – The annual limit in respect of concessional (or deductible) contributions (e.g., employer contributions and personal deductible contributions) has been reduced from \$30,000 or \$35,000 (depending on the individual’s age) to **\$25,000 for all individuals** (irrespective of their age).
- (c) **Claiming deductions for personal (after-tax) contributions** – From 1 July 2017, an individual will generally be able to deduct personal (after-tax) contributions irrespective of their work status (i.e., whether or not they are an employee) and irrespective of the level of any salary income derived during the relevant income year.
- (d) **Additional 15% tax liability on contributions for people earning more than \$250,000** – From 1 July 2017, individuals earning more than \$250,000 will generally be liable to pay an extra 15% tax on deductible contributions (including employer contributions) received by their superannuation fund.
- (e) **Extending the tax offset for spouse superannuation contributions** – From 1 July 2017, the existing tax offset of \$540 (maximum) for spouse contributions will generally be available to a taxpayer who makes superannuation contributions for the benefit of a spouse whose income is *less than* \$40,000 (the existing spouse income threshold is only \$13,800).

Due to the many recent superannuation reforms, we recommend that trustees consider the need to upgrade their SMSF trust deeds. Our solicitors can update your super fund trust deed now at a cost of \$330 (\$385 from 1 July 2017) including GST. This service provides documents which amend the existing trust deed, taking into account current superannuation laws and the latest planning strategies.

Please contact our office on (03) 5442 7829 should you have any queries or require clarification on the recent changes.