

Superannuation.



No one wants to get old, but it's a fact of life. So why not be prepared for retirement with a little extra contribution to your Superannuation. You will enjoy the tax benefits now, and the lifestyle benefits later. Packaging your superannuation has never been easier and by using your pre-tax salary there is no doubt that you will be smiling through life with all the savings you'll make.

What are Superannuation Contributions?

Salary packaged Superannuation contributions are contributions made by your employer from your pre-tax salary to a complying super fund or an RSA under the Retirement Savings Accounts Act 1997.

The contribution must be made under a salary sacrifice arrangement. A salary sacrifice arrangement is an agreement between an employee and their employer where the employee agrees to forego part of their future salary or wages in return for the employer providing benefits of a similar value such as contributions to the employee's super fund.

Such contributions are not subject to Fringe Benefits Tax (FBT). They are also not included in the employee's assessable (taxable) income. The only applicable tax is a 15% contributions tax charged to the super fund. This rate of tax is most likely less than the rate the employee would normally be subject to if he/she did not enter into a salary sacrifice agreement and instead were subject to income tax on that portion of salary. This means significant tax savings for employees.

High Income Earners

Those on incomes greater than \$300,000 will have the tax on their concessional super contributions increased from 15% to 30%. The definition of 'income' will include concessional super contributions. This will not apply to excess contributions, which are subject to excess contributions tax and are taxed at the top marginal rate.

How does it work?

To salary package this benefit the requirements outlined in the key points below must be satisfied.

Benefit Name	Benefit Rules	Substantiation
Additional Superannuation Contributions	<ul style="list-style-type: none"> • Must be a compliant Superannuation fund • Contribution limits apply • Super contributions must be for the employee only (not for associates) • Super contributions cannot be reimbursed • Super contributions are reportable on payment summaries 	<ul style="list-style-type: none"> • Member statement including membership number • Payment details for super fund • Superannuation application form

Fringe Benefits Tax

Superannuation contributions are not fringe benefits and do not attract FBT.

Goods and Services Tax (GST)

Superannuation contributions are not subject to Goods and Services Tax (GST).

Reportable Fringe Benefits

Superannuation contributions are excluded from the FBT reporting requirements. They are however included in Reportable Employer Superannuation Contributions (RESC)

report to the employer.

Reportable employer super contribution

Concessional super contributions are required to be reported on your payment summary under the **reportable employer super contribution** section.

The reportable amount is limited to additional contributions made by employers to employees exceeding the super guarantee of 9.25% and super paid under an industrial award. In most cases salary sacrificed super will be reportable.

This may affect the income tests for some tax offsets and deductions, the Medicare levy surcharge, and certain government benefits and obligations. It is therefore recommended that employees seek financial or tax advice before taking up this benefit.

What else you need to know?

Super Contribution Caps

It is important to note that super contributions are subject to a **contributions cap**. The cap limits are listed in the table below.

2018/19 Financial Year

Contribution caps:

- Concessional \$30,000 (if under 50 years in 2018/19)
- Concessional \$35,000 (if turning 50 years old or older in 2018/19)

Contributions over the concessional contributions cap will be included in your accessible income and you will be taxed at your marginal tax rate. You will also need to pay the excess concessional contributions charge (ECC) on the increase in your tax liability, however you can choose to release up to 85% of your ECC from your super fund, by completing the necessary forms and submitting it to the ATO. You can only release 85% as 15% has been paid as tax by the super fund. You will receive a 15% non-refundable tax offset in your tax return to allow for the tax already paid.

Be mindful on how many of these fact sheets are printed as from 1 July 2017 the concessional contribution caps for all ages will be \$25,000.

What next?

If you would like to salary package Additional Superannuation Contributions please contact Paywise Member Service Team via the contact details below.

Contact us using the following details:

CALL US ON:
1300 132 532

EMAIL US AT:
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FIND OUT MORE AT:
www.paywise.com.au