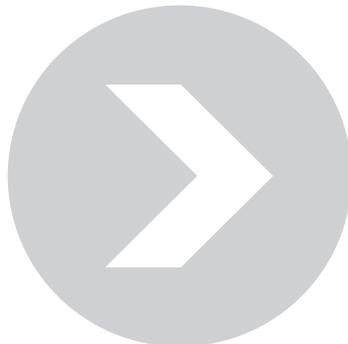




What is Division 293 tax?

Concessional contributions (those paid before tax) are generally taxed at 15% when made to a complying superannuation fund. As such, high-income earners who make concessional contributions to their super fund, receive larger tax concessions. Division 293 imposes an additional tax of 15% on the super contributions of individuals whose combined income and super contributions are greater than \$250,000 (the Division 293 threshold), to bring the concession back in line with average income earners.

The Tax can either be paid by an individual, or by electing to release money from a superannuation fund by contacting the Australian Taxation Office (ATO) and completing a Division 293 election form.



Please note: This information is general in nature. We recommend you seek independent financial advice if you want to understand how the Division 293 tax could impact you.

How is Division 293 tax calculated?

Income is added to concessional super contributions and the total is compared to the threshold. Division 293 is payable on either the amount that exceeds the threshold or the super contributions, whichever is lowest.

The income component of the Division 293 tax calculation is based on the same income calculation used to determine if an individual is liable to pay the Medicare levy surcharge (MLS), disregarding any reportable superannuation contributions reported on the income tax return.

Income for this purpose is the sum of:

- ▶ Taxable income (assessable income minus allowable deductions)
- ▶ Total Reportable Fringe Benefits
- ▶ Net financial investment loss
- ▶ Net rental property loss
- ▶ Net amount on which family trust distribution tax has been paid
- ▶ Super lump sum taxed elements with a zero tax rate.

These amounts are added up (except the super lump sum amount, which is subtracted) to give the income amount. If this income exceeds the threshold, then 15% tax becomes payable on the lesser of:

- ▶ the concessional super contributions; or
- ▶ the amount the Division 293 income exceeds the threshold.

For example:

Adjusted taxable income	\$240,000
Concessional super contributions	\$15,000
Total	\$255,000

The Division 293 Tax payable is 15% of the lesser of the concessional super contributions (\$15,000) or the amount the income is above the threshold (\$5,000). In this situation, the tax payable is \$750 (15% x \$5000).