

Concessional super contributions and high income earners



For most high-income earners, saving for retirement through super is a sensible strategy, but it's important to understand the Division 293 tax rules or you may have to pay extra tax on your concessional (before-tax) super contributions.

What is Division 293 tax?

Concessional contributions 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, to bring the concession back in line with average income earners.

You can choose to pay a Division 293 tax bill either with your own money, or by electing to use your existing super account balance via myGov, or completing and submitting a Division 293 tax due and payable election form to the ATO.

How is Division 293 tax calculated?

Your income is added to your concessional super contributions and the total is compared to the limit. Division 293 is payable on either the amount that exceeds the limit or the super contributions, whichever is lowest.

The ATO uses your income tax return to determine your annual Division 293 income. This is based on the same income calculation used for the Medicare Levy Surcharge (MLS), disregarding any reportable superannuation contributions.

Income for this purpose is the sum of:

- Taxable income (assessable income minus allowable deductions)
- Total reportable fringe benefits
- Any after-tax amounts for financial investment and rental property losses and family trust distributions
- Super lump sum taxed elements with a zero tax rate
- Any assessable First Home Super Saver (FHSS) Scheme released amounts.

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

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

For example:

Adjusted taxable income	\$240,000
Concessional super contributions	\$15,000
Difference to Peter's disposable income	\$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 limit (\$5,000). In this situation, the tax payable is \$750 (15% x \$5,000).

Please note: Information, advice or guidance provided in this factsheet, is general in nature and provided without reference to your organisation's policies or your personal circumstances. Please contact your accountant, tax agent or legal adviser to determine how the information in this factsheet may apply to you.

