Australian Government
Australian Taxation Office

Super contributions – too much can mean extra tax

There are caps on the amount you can contribute to your super each financial year to be taxed at lower rates. If you contribute over these caps, you may have to pay extra tax.

Our fact sheet Super contribution limits (/General/Gen/Super-contribution-limits---what-you-need-to-know/) is available to download.

The cap amount and how much extra tax you have to pay may depend on your age depending on which financial year your contributions relate to, and whether the contributions are:

- concessional (before tax)
- non-concessional (after tax).

To find out how much you contributed into your super fund to ensure you don't exceed the caps, contact your superannuation fund or phone us on **13 10 20.**

Concessional contributions

Concessional contributions are made into your super fund before tax.

Concessional contributions include:

- employer contributions, such as
  - compulsory employer contributions
  - any additional pre-tax contributions your employer makes
  - salary sacrifice payments made to your super fund
  - other amounts paid by your employer from your pre-tax income to your super fund, such as administration fees and insurance premiums
- contributions you are allowed as an income tax deduction
- notional taxed contributions if you are a member of a defined benefit fund (including Constitutionally Protected Funds for 2017–18 financial year onwards), which reflects the increase to your benefits for the year; it is the equivalent of an employer contribution (contributions made into defined benefit funds are not always linked to individual members)
- Unfunded defined benefit contributions
- some amounts allocated from a fund reserve.

Once the concessional contributions are in your super fund, they are taxed at the 15% rate.

There are caps on the concessional contributions you can make each financial year. If you go over the cap, you may have to pay extra tax.

When working out your super contributions for the financial year, remember – contributions don't count when the payment is sent, they only count once the payment is received by your fund.

Make sure your fund receives all your contributions by 30 June.

Note: if you split your before-tax contributions and give some to your spouse, these contributions still count towards **your** concessional cap.

Your age may affect your concessional contributions cap, how the cap applies and what options you may have.

Table 1: Concessional contributions caps made from 2013–14 onwards

Financial year	Your age	Your concessional contribution cap
2017–18	Any age	$25,000
2016–17	Less than 49 on 30 June 2016	$30,000
2016–17	49 or older on 30 June 2016	$35,000
2015–16	Less than 49 on 30 June 2015	$30,000
2015–16	49 or older on 30 June 2015	$35,000
2014–15	Less than 49 on 30 June 2014	$30,000
2014–15	49 or older on 30 June 2014	$35,000
2013–14	Less than 59 on 30 June 2013	$25,000
2013–14	59 or older on 30 June 2013	$35,000

Excess concessional contributions **from 2013–14** onwards are included as taxable income, taxed at the marginal tax rate plus an excess concessional contributions charge.

The concessional contribution cap **for 2012–13** was $25,000 for people of any age. Excess concessional contributions were taxed at 46.5% (15% levied in super fund, with an additional 31.5% payable).

Carry forward concessional contributions

From 1 July 2018, if you have a total superannuation balance of less than $500,000 at the end of 30 June of the previous financial year, you may be entitled to contribute more than the general concessional contributions cap using the carried-forward amounts of your unused concessional contributions. The first year you will be entitled to carry forward any unused amounts in the 2019–20 financial year. Unused amounts are available for a maximum of five years, and will expire after this.

Example:

During the 2018–19 to 2021–22 financial years, Sam has minimal superannuation contributions as Sam is working part-time while completing studies. Sam's superannuation balance is continuing to grow with earnings and a small amount of superannuation contributions but in 2020–21 Sam's account balance reduced due to negative returns in that year. Sam has unused cap amounts for each of the 2018–19 to 2021–22 financial years.

Sam's super contributions cap

	2017–18	2018–19	2019–20	2020–21	2021–22
General Contributions Cap	$25,000	$25,000	$25,000	$25,000	$25,000

Cumulative available unused cap	Not applicable	$0	$22,000	$0	$69,000
Maximum cap available	$25,000	$25,000	$47,000	$25,000	$94,000
Superannuation balance 30 June prior year	Not applicable	$480,000	$490,000	$505,000	$490,000
Concessional contributions	$nil	$3,000	$3,000	nil	nil
Available unused cap for relevant financial year	$0	$22,000	$22,000	$25,000	$25,000

Sam would be entitled to use the unused concessional cap amounts in 2018–19, 2019–20 and 2021–22 financial years as Sam's total superannuation balance at the end of 30 June in the year immediately preceding was less than $500,000.

Sam would not be able to use their unused concessional cap contributions in the 2020–21 financial year as Sam's Total Superannuation Balance at the end of 30 June of the previous year was $505,000.

In the 2021–22 financial year Sam returns to work. For that year Sam has a maximum concessional cap amount available of $94,000 ($69,000 plus $25,000) for the 2021–22 financial year and is eligible to contribute this amount as their total superannuation balance at the end of 30 June 2021 was now less than $500,000.

Division 293 tax

You will also pay extra tax on your concessional contributions for Division 293 if your income for surcharge purposes, including certain concessional contributions, is over $300,000, or over $250,000 from 1 July 2017.

Division 293 tax levies 15% tax on taxable contributions above this threshold.

See also:

- Division 293 tax – information for individuals (/Individuals/Super/In-detail/Withdrawing-and-paying-tax/Division-293-tax---information-for-individuals/)

Salary sacrifice

If you salary sacrifice into super, these amounts count towards your concessional contributions cap, **in addition to** your employer's contributions (such as compulsory employer contributions).

If you make super contributions under a salary sacrifice agreement, the sacrificed amount is paid into your fund by your employer and is treated as an employer contribution.

The sacrificed amount counts towards your employer's compulsory super contribution obligations.

If your salary sacrificed super contribution is over the super guarantee amount your employer is required to pay (for 2016–17 it is 9.50% of your ordinary time earnings), your employer is not required under super guarantee legislation to pay an additional amount on top.

When making planning decisions about your employer contributions, it is also important to consider when these contributions are received by your super fund.

Contributions don't count when the payment is sent, only once the payment is received by your fund. Make sure your fund receives all your contributions by 30 June.

Timing of contributions

Your employer is entitled to make super guarantee contributions for the quarter ending on 30 June by 28 July (the next financial year).

It's up to you to keep track of contributions you, your employer, or others make on your behalf to your super account.

Keeping track of the amount of contributions and when they were received by your super fund is important – it can help you avoid going over contributions caps and paying extra tax.

Example: Fund receives cheque in next financial year

Suzette salary sacrifices $100 a fortnight. Her employer puts aside the amount each pay, then pays the amount, along with their super guarantee obligations, on the last day of the quarter by posting a cheque to the super fund.

It generally takes between one and two working days for the super fund to receive the cheque. As a result, although the amounts deducted from Suzette's salary between 1 April and 30 June are sent on 30 June, the contribution is not received by the super fund until the next financial year.

This contribution will count towards Suzette's concessional contributions cap for the following year.

Tips to avoid exceeding the concessional contributions cap

The following suggestions may help you keep your super contributions below your concessional contributions cap and prevent you having to pay additional tax.

- Be aware what your concessional contribution cap is.
- Keep track of the amount of contributions you, your employer or others make on your behalf.
- Check when your employer pays the contributions and when they were received by your super fund – contributions count towards a cap in the year your super fund receives them.
- If you have more than one job or pay money into more than one super fund, include all of them when working out your annual contributions.
  Remember: compulsory employer contributions are included as part of your concessional contributions.
- If you think you may go over your concessional contributions cap in the current financial year
  - stop or reduce any pre-tax voluntary contributions to your super – however, your employer can't change
  - compulsory super guarantee amounts or amounts paid under a contract or industrial agreement
  - delay making any personal super contributions you intend to claim as a deduction in your tax return.
  -
- Check if your employer pays costs, such as super administration fees and insurance premiums on your behalf to your fund – these amounts count towards your concessional contributions cap.
- If you are eligible to claim an income tax deduction for your personal super contributions, only the amount we allow as a deduction will count towards your concessional contributions cap.

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We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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