

Information booklet

2018/19 FINANCIAL YEAR

Tax rates

Personal income tax rates (excludes Medicare levy)

Residents	
Taxable income (\$)	Tax payable (\$)
0–18,200	Nil
18,201–37,000	Nil + 19% for each \$1 in excess of 18,200
37,001–90,000	3,572 + 32.5% for each \$1 in excess of 37,000
90,001–180,000	20,797 + 37% for each \$1 in excess of 90,000
180,000+	54,097 + 45% for each \$1 in excess of 180,000
Resident minors (unearned income)	
Taxable income (\$)	Tax payable (\$)
0–416	Nil
417–1,307	66% of income in excess of \$416
1,307+	45% of entire amount

Note: Minors cannot use the Low Income Tax Offset and Low and Middle Income Tax Offset on unearned income. Certain income derived by minors is taxed at adult rates and attracts the Low Income Tax Offset and Low and Middle Income Tax Offset, eg income from testamentary trusts.

Medicare levy thresholds

Tax rates above do not include Medicare levy of 2%. Medicare levy is not payable where taxable income is less than the following thresholds:

2017/18	Seniors and pensioners ¹ (\$)	Other (\$)
Individual	34,758	21,980
Family (combined) ²	48,385	37,089

Where taxable income is greater than the above thresholds, shade-out rules apply.

1 Applies to individuals eligible for the Seniors and Pensioners Tax Offset.

2 The threshold is increased by \$3,406 for each dependent child.

Note: Taxable component of a superannuation withdrawal within the low rate cap is not counted as income for Medicare levy purposes.

Medicare levy surcharge

Individuals and families with income above the Medicare levy surcharge threshold without adequate private hospital insurance may be liable for a Medicare levy surcharge for any period without adequate cover.

Medicare levy surcharge				
	Income ¹ (\$)	Tier 1 (\$)	Tier 2 (\$)	Tier 3 (\$)
Single person	Up to 90,000	90,001–105,000	105,001–140,000	Over 140,000
Family ²	Up to 180,000	180,001–210,000	210,001–280,000	Over 280,000
Medicare levy surcharge (%) ³	0.0	1.0	1.25	1.5

1 Income for surcharge purposes = taxable income (including the net amount on which family trust distribution tax has been paid) + net investment losses + reportable superannuation contributions + exempt foreign employment income + reportable fringe benefits less taxable component of a superannuation withdrawal within the low rate cap.

2 The family threshold applies to couples and individuals with up to one child. The thresholds increase by \$1,500 for each child after the first child.

3 Surcharge is payable on taxable income + reportable fringe benefits + amount on which family trust distribution tax has been paid.

Tax offsets

Seniors and pensioners tax offset			
	Offset (\$)	Shade-out threshold (\$)	Cut-out threshold (\$)
Single	2,230	32,279	50,119
Couple (each)	1,602	28,974	41,790
Couple, separated by illness (each)	2,040	31,279	47,599

Offset reduces by 12.5 cents for every \$1 of rebate income above the shade-out threshold. Rebate income includes taxable income + total net investment losses + adjusted fringe benefits + reportable superannuation contributions.

Low income tax offset	
Taxable income (\$)	Maximum offset (\$)
≤ 37,000	445
37,001 to 66,667	$445 - [(income - 37,000)] \times 1.5\%$
>66,667	Nil

Low and middle income tax offset	
Taxable income (\$)	Maximum offset (\$)
≤ 37,000	200
37,001 to 48,000	$200 + [(income - 37,000)] \times 3\%$
48,001 to 90,000	530
90,001 to 125,333	$530 - [(income - 90,000)] \times 1.5\%$
>125,333	Nil

Tax on superannuation contributions

Type	Concessional	Non-concessional
Tax on entry	15% ¹	Nil
Excess contributions	Marginal Tax Rate less 15% offset + charge ²	Marginal Tax Rate less 15% offset on associated earnings or 47% ³
No tax file number	47%	N/A ⁴

- 1 An additional 15% tax applies to contributions within the concessional cap for individuals with income plus concessional contributions in excess of \$250,000.
- 2 Excess concessional contributions also count towards the non-concessional cap, reduced if choice made to release up to 85% of excess concessional contributions.
- 3 Excess non-concessional contributions plus 85% of associated earnings released from superannuation either by election or by default (where an election is not made in respect of determinations issued from 1 July 2018) will not attract excess contributions tax. The associated earnings will be taxed at the individual's marginal tax rate less a 15% non-refundable offset. Any excess non-concessional contributions elected to be left in the fund will be taxed at 47%.
- 4 A fund cannot accept a non-concessional contribution without the member's TFN.

Superannuation contributions

Contribution caps

Age	Concessional contributions (\$)	Non-concessional contributions (\$)	Downsizer contributions (\$)	Small business CGT (lifetime) cap ¹ (\$)
Under 65	25,000	100,000 ^{2,3}	Nil	1,480,000
65-74	25,000 ⁴	100,000 ^{2,3,4}	300,000	1,480,000 ⁴
Age 75+	25,000 ^{4,5}	Nil	300,000	Nil

- 1 The maximum amount that can be contributed under this cap is \$500,000 if the retirement exemption is being used. If using the 15-year exemption, the entire cap can be used.
- 2 Individuals who have a total superannuation balance of less than \$1,400,000 on 30 June 2018 and are also aged under 65 at any time in the 2018/19 financial year can bring forward future non-concessional caps to enable non-concessional contributions of up to \$300,000 over three financial years.
Those with a total superannuation balance of at least \$1,400,000 but less than \$1,600,000 on 30 June 2018 and are also aged under 65 at any time in the 2018/19 financial year will have restricted access to the bring forward which is detailed in the following table. Individuals with a total super balance of at least \$1,600,000 on 30 June 2018 will have no non-concessional cap for 2018/2019.
- 3 Transitional rules: Where bring forward was triggered in 2016/17 and entire \$540,000 not contributed by 30 June 2017, a reduced bring forward cap of \$380,000 applies.
- 4 Work test must be satisfied if the individual is aged 65 or over at time of contributing (except for mandatory contributions such as SG). Spouse contributions can only be made while receiving spouse is under age 70.
- 5 Personal and all employer contributions can be made up to 28 days after the end of the month the person turns 75. Subsequently only mandated employer contributions can be accepted.

Superannuation contributions and total superannuation balance

Total super balance ¹ on 30 June 2018	NCC cap and bring-forward period available for 2018/19
<\$1.4 million	\$300,000 (3 years)
\$1.4 – <\$1.5 million	\$200,000 (2 years)
\$1.5 – <\$1.6 million	\$100,000 (standard cap)
≥ \$1.6 million	Nil

- 1 Total superannuation balance includes accumulation interests, transition to retirement pensions, retirement pensions and rollovers in transit, excludes structured settlement personal injury contributions.
At time of writing there is an outstanding proposal to additionally include the individual's share of the outstanding balance of a limited recourse borrowing arrangement entered into on or after 1 July 2018 in certain circumstances. This has not yet been legislated.

Government co-contribution¹

Annual income ² (\$)	Co-contribution payable (\$)
≤ 37,697	An amount equal to 50% of the personal non-concessional superannuation contributions made by the person during the financial year, up to a maximum co-contribution of \$500
37,698 to 52,696	Co-contribution amount is the lesser of: <ul style="list-style-type: none"> • 500 – [(income² – 37,697) × 0.03333], or • 50% of the amount of personal non-concessional superannuation contributions made by the person during the financial year
≥ 52,697	Nil

- 1 Ineligible if non-concessional contributions cap is exceeded for 2018/19, or if total superannuation balance on 30 June 2018 is \$1.6 million or more.
- 2 Assessable income + reportable employer superannuation contributions + reportable fringe benefits, less certain business deductions.

Spouse contribution tax offset^{1,2}

Annual income ³ (\$)	Maximum offset ⁴ (\$)
≤ 37,000	540
37,001 to 39,999	[3,000 – (income ³ – 37,000)] × 18%
≥ 40,000	Nil

- 1 A spouse contribution cannot be made after the receiving spouse reaches age 70.
- 2 Ineligible if receiving spouse's non-concessional contributions cap is exceeded for 2018/19, or if total superannuation balance on 30 June 2018 is \$1.6 million or more.
- 3 Receiving spouse's assessable income + reportable employer superannuation contributions + reportable fringe benefits.
- 4 Assumes a spouse contribution of \$3,000 or more.

Superannuation guarantee¹

Rate	9.5%
Maximum contribution base	\$54,030 per quarter

- 1 Since 1 July 2013, there is no maximum age limit on Superannuation Guarantee.

Income definitions

Benefit/program	Type of income included
Superannuation co-contribution (amount payable)	Assessable income plus reportable employer superannuation contributions and reportable fringe benefits less certain deductions from carrying on a business
Superannuation co-contribution (>10% test)	Assessable income plus reportable employer superannuation contributions and reportable fringe benefits
Division 293 tax	Taxable income plus concessional contributions (within concessional contributions cap), reportable fringe benefits, total net investment losses, less taxable component of super lump sum withdrawal within the low rate cap
Seniors and pensioners tax offset	Taxable income plus reportable superannuation contributions, total net investment losses and adjusted fringe benefits
Low income tax offset, Low and middle income tax offset	Taxable income
Low income superannuation tax offset, Family Tax Benefit, Paid Parental Leave	Taxable income plus reportable superannuation contributions, total net investment losses, target foreign income, adjusted fringe benefits total, certain tax-free social security payments less any deductible child maintenance expenditure

Taxation of super benefits

Lump sums			
Component	Age	Amount (\$)	Tax (%)
Tax-free	Any age	All of component	Tax-free
Taxable – element taxed	60 or over	All of component	Tax-free
	Preservation age – 59	First 205,000	0
		Balance	15 ¹
	Under preservation age	All of component	20 ¹
Taxable – element untaxed	60 or over	First 1.480m	15 ¹
		Balance	45 ¹
	Preservation age – 59	First 205,000	15 ¹
		205,000 – 1.480m	30 ¹
		Balance	45 ¹
	Under preservation age	First 1.480m	30 ¹
		Balance	45 ¹

¹ Plus Medicare levy where applicable.

Note: Taxable amounts are included in assessable income. Tax rates shown above are maximum rates except where the highest marginal rate applies (as this is a flat rate).

Income streams — non-capped defined benefit (excluding death benefits)		
Component	Age	Tax
Tax-free	Any age	Tax-free
Taxable – element taxed	60 or over	Tax-free
	Preservation age – 59	Marginal rate with 15% tax offset ¹
	Under preservation age	Marginal rate ^{1,2}
Taxable – element untaxed	60 or over	Marginal rate with 10% tax offset ¹
	Under 60	Marginal rate ¹

¹ Plus Medicare levy where applicable.

² Income streams paid as a result of disability receive a 15% tax offset.

Income streams — capped defined benefit (excluding death benefits)		
Component	Age	Tax
Tax-free	60 or over	Tax-free ¹
	Under 60	Tax-free
Taxable – element taxed	60 or over	Tax-free ¹
	Preservation age – 59	Marginal rate with 15% tax offset ²
	Under preservation age	Marginal rate ²
Taxable – element untaxed	60 or over	Marginal rate with 10% tax offset ^{2,3}
	Under 60	Marginal rate ²

- 1 Up to the defined benefit income cap of \$100,000 per annum. 50% of income over the defined benefit income cap is taxed at marginal rate.
- 2 Plus Medicare levy where applicable.
- 3 Tax offset applies to the amount of this component, after all other components, within the defined benefit income cap of \$100,000 per annum, and is capped at \$10,000 per annum.

Taxation of super death benefits

Death benefit lump sum		
Component	Recipient	Tax
Tax-free	Any	Tax-free
Taxable – element taxed	Dependant	Tax-free
	Non-dependant	15% ¹
Taxable – element untaxed	Dependant	Tax-free
	Non-dependant	30% ¹

- 1 Plus Medicare levy where applicable.

Note: Taxable portion of a death benefit paid directly to non-dependants from a superannuation fund is included in assessable income. Tax rates shown are maximum rates.

Death benefit income streams — non-capped defined benefit		
Component	Age of deceased and dependant ¹	Tax
Tax-free	Any age	Tax-free
Taxable	Either over age 60	Tax-free
	Both under age 60	Marginal rate with 15% tax offset ²

- 1 An income stream paid to a child under age 25 must be cashed once the child attains age 25 unless the child has a certain disability. The lump sum at that time is tax-free.
- 2 Plus Medicare levy where applicable.

Death benefit income streams — capped defined benefit		
Component	Age of deceased and dependant	Tax
Tax-free	Either over age 60	Tax-free ¹
	Both under age 60	Tax-free
Taxable – element taxed	Either over age 60	Tax-free ¹
	Both under age 60	Marginal rate with 15% tax offset ^{2,3}
Taxable – element untaxed	Either over age 60	Marginal rate with 10% tax offset ^{3,4}
	Both under age 60	Marginal rate ^{3,5}

- 1 Up to the defined benefit income cap of \$100,000 per annum. 50% of income over the defined benefit income cap is taxed at marginal rate.
- 2 When the beneficiary turns 60, the taxable – element taxed component becomes tax-free up to the defined benefit income cap. 50% of income over the defined benefit income cap is taxed at marginal rate.
- 3 Plus Medicare levy where applicable.
- 4 Tax offset applies to the amount of this component, after all other components, within the defined benefit income cap of \$100,000 per annum, and is capped at \$10,000 per annum.
- 5 When the beneficiary turns 60, a 10% tax offset will apply as per footnote 4 above.

Retirement

2018/19 (\$)

General pension transfer balance cap¹ 1,600,000

¹ The cap applies to the total amount of superannuation that has been transferred into the retirement phase (excludes transition to retirement pensions).

Transfer balance account credits and debits

Credits	Debits
Value of existing account based pensions or other retirement income streams as at 30 June 2017	Rolling pension back to accumulation
Commencement of an account based pension or other retirement income stream on or after 1 July 2017	Lump sum commutation
Excess transfer balance earnings	Family law payment split
Certain repayments on Limited Recourse Borrowing Arrangements ¹	Fraud/Misappropriation
	Bankruptcy orders
	Structured settlement personal injury contribution
	Non-commutable excess transfer balance

¹ Applies to LRBAs entered into post 1 July 2017 where repayments shift value from accumulation to retirement phase.

Income streams — minimum payment

Age of pensioner	Minimum percentage
Under 65	4
65-74	5
75-79	6
80-84	7
85-89	9
90-94	11
95 or more	14

Minimum payment = account balance x minimum percentage. Minimum is pro-rated if pension commenced part way through the financial year.

Payment is not required for the first financial year if pension commenced on or after 1 June.

Income streams commenced under Transition to Retirement condition of release are subject to a maximum income payment of 10%. Maximum is not pro-rated if pension is commenced part way through the year.

Preservation age

Date of birth	Preservation age	Will reach preservation age
1 July 1961 to 30 June 1962	57	From 1 July 2018 to 30 June 2019
1 July 1962 to 30 June 1963	58	From 1 July 2020 to 30 June 2021
1 July 1963 to 30 June 1964	59	From 1 July 2022 to 30 June 2023
From 1 July 1964	60	From 1 July 2024

Individuals born before 1 July 1961 have already reached preservation age.

Centrelink pension age

Date of birth	Centrelink pension age	Will reach pension age
1 July 1952 to 31 December 1953	65.5	From 1 January 2018 to 30 June 2019
1 January 1954 to 30 June 1955	66	From 1 January 2020 to 30 June 2021
1 July 1955 to 31 December 1956	66.5	From 1 January 2022 to 30 June 2023
From 1 January 1957	67	From 1 January 2024

Individuals born on or before 1 July 1952 have already reached their Centrelink pension age.

Taxation of employer payments

Resignation or retirement

Unused long service leave payments Tax

Pre 16 August 1978	5% included in assessable income and taxed at marginal rate ¹
16 August 1978 to 17 August 1993 inclusive	100% included in assessable income and taxed at a maximum rate of 30% ¹
Post 17 August 1993 service	100% included in assessable income and taxed at marginal rate ¹

Unused annual leave payments Tax

Pre 18 August 1993 service	100% included in assessable income and taxed at a maximum rate of 30% ¹
Post 17 August 1993 service	100% included in assessable income and taxed at marginal rate ¹

¹ Plus Medicare levy where applicable.

Genuine redundancy, invalidity or early retirement scheme

First \$10,399 plus \$5,200 for each completed year of service is tax-free. Remainder of payment is an employment termination payment (excluding annual leave and long service leave payments).

Unused long service leave payments Tax

Pre 16 August 1978 service	5% included in assessable income and taxed at marginal rate ¹
Post 15 August 1978 service	100% included in assessable income and taxed at a maximum rate of 30% ¹

Unused annual leave payments Tax

100% included in assessable income and taxed at a maximum rate of 30%¹

¹ Plus Medicare levy where applicable.

Employment Termination Payments

Employment termination payments (ETP) cannot be rolled into superannuation.

Taxation of ETPs depends on the reason for receiving the ETP. Unless it is an excluded ETP, the payment will only attract the ETP concessional tax rates when income including the ETP is less than \$180,000 and within the ETP cap amount.

Life benefit termination payments (excluded ETPs)¹

Component	Age	Amount (\$)	Tax (%)
Tax-free	Any age	All of component	Tax-free
	Under preservation age	First 205,000	30 ²
Taxable	Preservation age or over	Balance	45 ²
		First 205,000	15 ²
		Balance	45 ²

¹ Applies if the termination payment solely consists of amounts relating to genuine redundancy, employment related disputes and permanent incapacity.

² Plus Medicare levy where applicable.

Life benefit termination payments (not excluded ETPs)¹

Component	Age	Amount (\$)	Tax (%)
Tax-free	Any age	All of component	Tax-free
	Under preservation age	First 180,000 less taxable income (excluding this ETP)	30 ²
Taxable	Preservation age or over	Balance	45 ²
		First 180,000 less taxable income (excluding this ETP)	15 ²
		Balance	45 ²

¹ Applies to golden handshakes and any termination payments that would have been received upon resignation and are not excluded ETPs.

² Plus Medicare levy where applicable.

Different rules apply if both excluded and non-excluded ETPs are received in the same financial year.

Death benefit termination payments

Component	Paid to	Amount (\$)	Tax (%)
Tax-free	Anyone	All of component	Tax-free
Taxable	Dependant	First 205,000	Tax-free
		Balance	45 ¹
	Non-dependant	First 205,000	30 ¹
		Balance	45 ¹

¹ Plus Medicare levy where applicable.

Note: Tax rates shown for all ETPs are maximum rates except where the highest marginal rate applies.

Important information

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