

**JUNE 2017**

**TAX ALERT: SUPERANNUATION CONTRIBUTION LIMITS FOR THE  
YEAR ENDING 30 JUNE 2017**

***Introduction***

The superannuation contributions caps for concessional (before tax) and non-concessional (after tax) contributions have not increased for the 2016/2017 year.

Concessional contributions include your employer's compulsory Superannuation Guarantee (SG) contributions, your salary-sacrificed contributions, or any contributions claimed as a tax deduction.

Non-concessional (after-tax) contributions are super contributions made from after-tax dollars or non-taxed savings.

***SUPER ALERT!*** On 15 September 2016, Treasurer Scott Morrison and Minister for Revenue and Financial Services Kelly Dwyer issued a joint media release announcing that the \$500,000 lifetime cap on non-concessional contributions (NCCs) was now scrapped as a policy. Instead a lower annual NCC cap of \$100,000 applies from 1 July 2017. The current \$180,000 after-tax cap, and the 3-year \$540,000 bring-forward cap will remain until 30 June 2017.

***Which concessional contributions cap applies to you?***

- **Under 50s concessional cap, for the 2016/2017 year:** If you're aged 48 years or younger on the 30 June 2016, you can contribute up to \$30,000 in concessional contributions for the 2016/2017 year. Refer table below.
- **Special over-50s concessional cap, for the 2016/2017 year:** If you're aged 49 years or older on the 30 June 2016, then you can contribute up to \$35,000 a year in concessional contributions for the 2016/2017 year.

**Please note:** From 1 July 2017, the general concessional contributions cap will drop to \$25,000 for all ages. The higher cap of \$35,000, for those who are aged 49 years or older on the last day of the previous financial year (30 June), will not apply from the 2017/2018 year onwards

***Summary of Concessional Contributions caps:***

Income year	Under 49 Aged 48 years or younger on 30 June of previous financial year	49 years to 59 years* Aged 49 years or older on 30 June of previous financial year	59 years and over**
2017/2018**	\$25,000	\$25,000	\$25,000
<b>2016/2017</b>	<b>\$30,000</b>	<b>\$35,000</b>	<b>\$35,000</b>
2015/2016	\$30,000	\$35,000	\$35,000



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\*Concessional contributions cap for older Australians applies as follows for 2016/2017 year:

- If you were 49 years of age or older as at 30 June 2016, then your concessional contributions cap for the 2016/2017 year is \$35,000.

\*\*Reduced general concessional cap of \$25,000 applies for all ages, from 1 July 2017.

### ***Do you know your non-concessional contributions cap?***

Generally speaking, non-concessional contributions are voluntary contributions not claimed as an income tax deduction by you, or your employer. The non-concessional (after-tax) contributions cap for the 2016/2017 year is \$180,000.

If you take advantage of the bring-forward rules during the 2016/2017 year, then you can make up to \$540,000 in non-concessional contributions in one year, or over 3 years in various combinations. Note that if you have triggered the bring-forward rule in the previous financial year, then you need to take account of the previous year's non-concessional contribution and the current year's non-concessional contribution when counting up non-concessional contributions.

**Please note:** If a bring-forward crosses over into the 2017/2018 year, then be mindful of the transitional rules in place. From 1 July 2017, the non-concessional contributions cap drops to \$100,000.

### ***Other Issues to Consider***

If you are aged 50 or over, you are subject to a special contributions caps when making concessional (before-tax) contributions. Anyone in the 50-plus age group needs to be aware that as you get older, aged-based super rules come into effect. For example, you must satisfy a work test if you intend to make contributions after the age of 65.

Also when you turn 70, your employer is still required to make compulsory Superannuation Guarantee contributions to your super account, although from the age of 75 you will not be able to make voluntary personal super contributions.

### ***Conclusion***

While the superannuation contribution limits for the 2016/2017 year have not changed since the 2015/2016 year, it is still important to carefully review the amount of any superannuation contributions made this year; not only to avoid the risk of making excess contributions, but also to avoid creating potential problems for the new limits commencing on 1 July 2017 for the 2017/2018 year.

Before you finalise any contributions for the 2016/2017 year, we recommend you contact your contact at Lowe Lippmann to discuss these details.

***Please do not hesitate to contact your Lowe Lippmann Relationship Partner if you wish to discuss any of these matters further.***



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