



# Key Rates and thresholds for 2020/21 Financial Year

Superannuation contributions and benefits are subject to various rates of taxation often linked to indexed thresholds. Similarly, eligibility for various Government schemes are also linked to indexed thresholds. The following document is a comprehensive guide to the various rates and thresholds that are applicable to superannuation and retiree benefits.

## Superannuation Contributions Concessional Contributions

Concessional contributions are before-tax contributions. These include compulsory super guarantee payments from employers, salary sacrifice contributions and personal tax-deductible contributions (where a s290-170 notice has been completed and provided to the super fund).

**Concessional Contributions Cap**

**\$25,000**

Since 1 July 2018, if you have a Total Superannuation Balance (TSB) of less than \$500,000 on 30 June of the previous financial year you may be able to contribute more in a year. Unused concessional contribution cap space can be carried forward for a maximum of 5 years. For more information on the carry forward concessional rules please see our Fact Sheet available [here](#).

## Non-Concessional Contributions & Bring-forward Thresholds

Non-concessional contributions are after-tax contributions. They include personal contributions (where a tax deduction has not been claimed) and spouse contributions. Excess concessional contributions also count towards the non-concessional contribution cap unless released from super.

**Non-concessional Contributions Cap**

**\$100,000**

If you are aged under 65 years of age, including on 1 July of a financial year, you can bring-forward your entitlement to the non-concessional contribution cap subject to your Total Superannuation Balance (TSB) as follows:

Total Superannuation Balance	Contribution Cap and Bring Forward Period
Less than \$1.4 million	\$300,000 over 3 years
\$1.4 million - < \$1.5 million	\$200,000 over 2 years
\$1.5 million - < \$1.6 million	\$100,000
> \$1.6 million	Nil

### Other notes:

- Currently if you are aged over 65 on 1 July you cannot use the bring forward provisions. Legislation introduced to change to age 67 from 1 July 2020 has not yet passed as at 8 January 2021.
- If you have a TSB of more than \$1.6 million and make non-concessional contributions you will be subject to the excess non-concessional contributions regime.
- If you are aged between 67 and 74 you must also meet the work test to be eligible to make non-concessional contributions, unless you qualify for the work test exemption.

For more on the bring-forward rules please see our Fact Sheet available [here](#).

## Division 293 Tax for High Income Earners

Division 293 tax is a tax on concessional contributions where an individual's income, or their income plus concessional contributions, exceeds the threshold.

<b>Division 293 Threshold</b>	<b>\$250,000</b>
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Where income for Division 293 purposes > \$250,000 then additional tax of 15% applies to the entire concessional contribution. When the income and the contributions combined > \$250,000 additional 15% tax only applies to the contribution in excess of the threshold.

### Example

Individual earns \$280,000 and makes a \$25,000 concessional contribution. In this instance an additional 15% tax is payable on the \$25,000 contribution.

Individual earns \$240,000 and makes a \$25,000 concessional contribution. In this instance an additional 15% tax is payable on \$15,000 which is the amount of the contribution in excess of the threshold.

The ATO determine the Division 293 income and the Division 293 super contributions and adds them together.

Division 293 income is similar to the adjusted taxable income calculated used for Medicare Levy Surcharge purposes. It includes taxable income, total reportable fringe benefits, net financial investment loss, net rental property loss and net amount on which family trust distribution tax has been paid. Then super lump sum taxed elements with a zero tax rate and assessable first home super saver released amounts are deducted.

Division 293 super contributions are the concessional contributions less any excess concessional contributions.

## Super Guarantee

Superannuation Guarantee is the amount employers are required to pay on behalf of employees. The current Super Guarantee rate is scheduled to increase in increments of 0.5% per year up to 1 July 2025 where it will be 12%.

<b>Superannuation Guarantee (SG) Rate</b>	<b>9.50%</b>
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Employers do not need to pay Superannuation Guarantee on any employee's earnings above the maximum quarterly threshold.

<b>Maximum Super Contribution Base</b>	<b>\$57,090 per quarter</b>
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## Government Co-Contributions

The Government co-contribution is a means for low and middle income earners to boost their superannuation via Government support.

<b>Income Thresholds</b>	<b>Maximum Co-Contribution</b>
< \$39,837	\$500
\$39,837 - \$54,837	$\$500 - (\$0.03333 \times (\text{Income} - \$39,837))$
> \$54,837	Nil

The co-contribution enables the government to match 50c for every \$1 after tax contribution made up to a maximum co-contribution of \$500. The full entitlement is available where income is under \$39,837. Eligibility ceases where income exceeds \$54,837. Between these thresholds the amount available is the maximum co contribution less the reduction factor x the difference between total income and the lower income threshold.

So the entitlement is the lesser of the following:

- The maximum co-contribution of \$500
- Your maximum co-contribution amount
- The amount of eligible personal super contributions multiplied by 0.50

If the calculated amount is >\$0 and <\$20 will be paid as the minimum. The ATO pay this amount automatically where eligible.

To be eligible you must be under age 71 at the end of the financial and have a Total Superannuation Balance under \$1.6 million and must not have exceeded the non-concessional contributions cap for the year.

### Tax offset for Spouse Contributions

Where your spouse has a low income, you may be eligible to make a contribution to super on your spouses behalf and claim a tax offset.

Income Thresholds	Maximum Co-Contribution
< \$37,000	\$540
>\$37,000 - <\$40,000	18% of the lesser of: \$3,000 reduced by every dollar over \$37,000 and the value of the spouse contributions
> \$40,000	Nil

Both yourself and your spouse must be Australian residents and living together at the time. Your spouse must be under age 75 and have a Total Superannuation Balance under \$1.6 million and must not have exceeded the non-concessional contributions cap for the year.

The income threshold includes assessable income, reportable employer super contributions and total reportable fringe benefits. Where your spouses income is under \$37,000, a contribution of \$3,000 will generate the maximum tax offset available which is \$540. Where their income is over \$40,000 there will be no entitlement to a tax offset. Between the thresholds the amount of the tax offset is 18% of the lesser of: \$3,000 reduced by the amount of income over \$37,000; and the value of the spouse contributions.

### Low income Super Tax Offset (LISTO)

Where adjusted taxable income is less than the threshold of \$37,000, a LISTO contribution is paid to your super fund which is 15% of the concessional contributions, capped at \$500. This aims to benefit low income earners. The ATO pay this amount automatically where eligible.

Income Thresholds	Maximum Co-Contribution
0 - < \$37,000	15% of concessional contributions up to a maximum of \$500
>\$37,000	Nil

### Downsizer Contributions

Since 1 July 2018 you will be eligible to make a downsizer contribution to super if you can satisfy the criteria below. The maximum downsizer contribution is as follows:

\$300,000 per individual	\$600,000 per couple
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The criteria to make a downsizer contribution is as follows:

- You are 65 years old or older at the time you make a downsizer contribution
- The amount being contributed is from the proceeds of selling your home where the contract of sale exchanged on or after 1 July 2018
- The home was owned by you or your spouse for 10 years or more prior to the sale – the ownership period is generally calculated from the date of settlement of purchase to the date of settlement of sale
- The home is in Australia and is not a caravan, houseboat or other mobile home
- The proceeds (capital gain or loss) from the sale of your home are either exempt or partially exempt from capital gains tax (CGT) under the main residence exemption, or would be entitled to such an exemption if the home was a CGT rather than a pre-CGT (acquired before 20 September 1985) asset
- You have provided your super fund with the Downsizer Contribution into Super Form either before or at the time of making the downsizer contribution
- You make the downsizer contribution within 90 days of receiving the proceeds of sale, which is usually at the date of settlement
- You have not previously made a downsizer contribution to super from the sale of another home.

For more on downsizer contributions please see our Fact Sheet available [here](#).

### **First Home Super Saver Scheme (FHSSS)**

First home buyers can make use of some of their contributions, made after 1 July 2017, for a deposit on their first house. The maximum amount that can be contributed to super that is eligible for a home deposit, using the FHSSS, is \$30,000. Any super contributions made must be within the annual contribution caps, indicated below.

<b>Maximum annual contribution amount</b>	<b>\$15,000 per year</b>
Maximum withdrawal amount	\$30,000 (plus deemed earnings)

For more on First Home Super Saver Scheme please see our Fact Sheet available [here](#).

### **Capital Gains Tax (CGT) Cap**

The CGT cap can apply to amounts from the sale of certain small business assets where the small business CGT concessions are used.

<b>CGT Cap Amount</b>	<b>\$1.565 million</b>
Small business retirement exemption lifetime limit	\$500,000

The CGT cap allows an amount to be contributed to superannuation where it can be excluded from the ordinary non-concessional contributions cap and counts towards the CGT cap lifetime limit instead. The conditions and eligibility rules are complex for Small Business CGT Concessions. The CGT cap provides for both contributions under the small business 15-year exemption and the small business retirement exemption, albeit that the retirement exemption provides for a lower lifetime limit.

### **Superannuation Benefit Payments** ***Preservation Ages***

Superannuation is considered to be preserved until you reach preservation age and satisfy a condition of release to access funds. The preservation age of a member depends on their date of birth as per the below table.

Date of Birth	Preservation Age
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
From 1 July 1964	60

### Minimum and Maximum Annual Pension Payments

There is a minimum withdrawal requirement for an account-based pension. Each year the minimum must be drawn or the pension is deemed to have ceased. The rate of withdrawal is based on the age of the beneficiary.

**NOTE:** The minimum withdrawal requirements were reduced by 50% for the 2019/20 and 2020/21 financial years due to the COVID-19 pandemic and the effect on the economy.

### Minimum Pension requirements

Age of Beneficiary	Normal Rate	Temporary Reduced Rate*
Under 65	4%	2%
65-74	5%	3%
75-79	6%	3%
80-84	7%	4%
85-89	9%	5%
90-94	11%	6%
> 95	14%	7%

An Account Based Pension in retirement phase (subject to the Transfer Balance Cap) has no limit on withdrawals. However, a Transition to Retirement Income Stream (TRIS) in accumulation phase (where a further condition of release has not been met) has a limit of 10% on withdrawals.

### Maximum Annual Pension Payments

<b>TRIS in Accumulation Phase</b>	<b>10%</b>
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### General Transfer Balance Cap

The General Transfer Balance Cap is a limit on how much superannuation can be placed in retirement phase and be eligible for tax free earnings. It is subject to indexation.

<b>General Transfer Balance Cap</b>	<b>\$1.6 million</b>
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## Defined Benefit Income Cap

Where a capped defined benefit income stream is paid, the defined benefit income cap is a limit on the amount of tax-free income you can receive from the income stream. These types of pensions include all lifetime pensions regardless of when they commenced; and lifetime annuities, life expectancy pensions/annuities and market linked pensions/annuities that existed prior to 1 July 2017.

<b>Defined Benefit Income Cap</b>	<b>\$100,000</b>
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### Tax Rates for Pension Payments *Pension Payments Tax Rates*

The below table shows how pension payments are taxed to recipients depending on their age at the time of receiving the payments and the components received. The tax-free component is always non-assessable, non-exempt income.

Component	Age at Receipt	Tax Rate
<b>Taxable - Taxed</b>	Under Preservation Age	Taxed at marginal rates with nil offset (unless disability)
	> Preservation Age and < 60 years	Taxed at marginal rates with 15% offset
	> 60 years	Not assessable, not exempt income
<b>Tax Free</b>	Under Preservation Age	Nil
	> Preservation Age and < 60 years	Nil
	> 60 years	Nil

### Death Benefit Pension Payments Tax Rates

A death benefit can only be paid as an income stream/pension to a dependant. The below table shows how death benefit income streams from an SMSF are taxed to recipients depending on the age of the deceased and the dependant recipient.

Component	Age at Receipt	Amount Subject to Tax	Rate of Tax (ex Medicare)
<b>Taxable - Taxed</b>	Deceased or dependant ages over 60 years	None	Nil
	Both deceased or dependant ages under 60 years	Whole amount	Marginal tax rate with 15% tax offset
<b>Taxable - Untaxed</b>	Deceased or dependant ages over 60 years	Whole amount	Marginal tax rate with 10% tax offset
	Both deceased or dependant ages under 60 years	Whole amount	Marginal tax rate with nil tax offset
<b>Tax Free</b>	N/A	Nil	0%

### Tax Rates for Lump Sum Payments *Lump Sum Benefit Payments Tax Rates*

The low rate cap is a lifetime cap that enables lump sum benefits to be received tax free up to the cap. It is reduced by amounts previously taken that have been applied against it. It is also indexed which allows individuals to take advantage of the increases over time.

### Low Rate Cap Amount

<b>Lower Rate Cap</b>	<b>\$215,000</b>
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The below table shows how lump sum benefits are taxed to recipients depending on their age at the time of receiving the payments, the components received and whether the low rate cap is applicable.

Component	Age at Receipt	Amount Subject to Tax	Rate of Tax (ex Medicare)
<b>Taxable - Taxed</b>	Under Preservation Age	Whole Amount	20%
	> Preservation Age and < 60 years	< Low Rate Cap	Nil
		> Low Rate Cap	15%
	> 60 years	Nil	Nil
<b>Tax Free</b>	Under Preservation Age	Nil	Nil
	> Preservation Age and < 60 years	Nil	Nil
	> 60 years	Nil	Nil

### Death Benefit Lump Sum Payments Tax Rates

The below table shows how death benefits are taxed to recipients depending on whether they are a dependant or non-dependant for tax purposes (this differs to the SIS meaning of dependant). The tax-free component is not taxed regardless of the recipient.

Component	Amount Subject to Tax	Rate of Tax (ex Medicare)
<b>Dependants</b>		
Taxable - Taxed and Untaxed	Nil	0%
<b>Non-Dependants</b>		
Taxable - Taxed	Whole Amount	15%
Taxable - Untaxed	Whole Amount	30%
<b>Tax free</b>	Nil	0%

### Other Rates and Thresholds

#### *Individual Tax Rates*

The below table outlines the individual income tax rates that apply to Australian residents for the 2020/21 financial year excluding Medicare Levy of 2%.

Taxable Income	Tax on Income (excludes Medicare Levy of 2%)
\$0 - \$18,200	Nil
\$18,201 - \$45,000	19c for each \$ over \$18,200
\$45,001 - \$120,000	\$5,092 plus 32.5c for each \$1 over \$45,000
\$120,001 - \$180,000	\$29,467 plus 37c for each \$1 over \$120,000
\$180,001 and over	\$51,667 plus 45c for each \$1 over \$180,000

## Limited Recourse Borrowing Arrangement Interest Rates

Where a limited recourse borrowing arrangement with a related party is in place the ATO have outlined Safe Harbour terms in Practical Compliance Guidelines (PCG) 2016/5 Income tax arm's-length terms for limited recourse borrowing arrangements established by self-managed superannuation funds. The below interest rates are considered to be consistent with the PCG for the 2020/21 financial year.

<b>Real Property</b>	<b>5.10%</b>
Listed Shares or Units	7.10%

## Age Pension Rates and Thresholds

Age pension rates and thresholds can be subject to twice yearly indexation. More information on the Age Pension and relevant rates can be found on our Fact Sheet available [here](#).

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