

Spouse Contribution Tax Offset

Where you have a spouse with a low income or who is not working and under 67, you may be eligible to make a contribution to superannuation on their behalf and claim a tax offset. This has the double effect of helping your spouse grow their retirement savings and also gives you a personal tax benefit at the same time. The maximum tax offset that can be claimed is currently \$540 and is available subject to several conditions being met.



Eligibility for the spouse contribution tax offset

- The eligibility conditions to be entitled to claim the tax offset can be summarised as follows:
- The contributions made on behalf of your spouse are not deductible to you
- At the time the contributions are made you satisfy the definition of spouses (spouse can be of any sex and includes de facto relationships)
- Both spouses must be Australian residents and living together at the time of the contributions
- Your spouse must be under age 75 (see above)
- The superannuation fund receiving the contributions must have been a complying superannuation fund for the year in which the contributions were made
- Your spouse must have not exceeded their non-concessional contributions cap for the year (as these contributions count towards their non-concessional contributions cap)
- Your spouse must not have a Total Superannuation Balance exceeding the General Transfer Balance Cap as at 30th June of the prior financial year. This General Transfer Balance Cap is currently \$1.6 million and will be indexed to \$1.7 million from 1 July 2021
- Your spouse's income does not exceed the threshold of \$40,000. The income threshold includes the following in the calculation:
 - o Assessable income (excluding First Home Super Saver released amounts that were assessable)
 - o Reportable employer super contributions
 - o Total reportable fringe benefits

Where their 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.

The following table summarises how the tax offset is calculated by the ATO with the relevant income thresholds that apply:

Income Thresholds	Maximum Tax Offset
0 - \$37,000	18% of the value of the spouse contributions for the year up to a maximum of \$540
>\$37,000 - <\$40,000	18% of the lesser of: \$3,000 reduced by every dollar of income over \$37,000 AND The value of the spouse contributions
>\$40,000	Nil

Example 1 - Full tax offset

Joe and Cathy are spouses, married and living together. They meet the age and other eligibility criteria for the spouse tax offset. Joe makes a \$3,000 contribution for Cathy. Cathy has total income of \$35,000. As Cathy's income is under the lower income limit, the maximum tax offset is available to Joe.

The tax offset that can be claimed by Joe is calculated as 18% of \$3,000 = \$540

Example 2 - Partial tax offset

Geoffrey and Heather are spouses, married and living together. They meet the age and other eligibility criteria for the spouse tax offset. Heather makes a \$3,000 contribution for Geoffrey. Geoffrey has total income of \$39,000. Therefore, as he exceeds the lower income limit, the maximum tax offset is not available to Heather.

The tax offset is calculated as the lesser of the following:

$$18\% \times (\$3,000 - (\$39,000 - \$37,000)) = \$180$$

$$18\% \times \$3,000 = \$540$$

So the lesser amount that can be claimed as the tax offset by Heather is \$180

Where you have more than one spouse during the financial year and satisfy the conditions of the tax offset for more than one spouse, you are able to claim the tax offset being the lesser of the sum of the entitlements for each spouse, or \$540. Therefore, the maximum entitlement in any year is \$540. It's also important to note that this does not apply for contributions made to your own account and then split to your spouse under a Contribution Splitting arrangement.



Xpress Super Pty Ltd ("Xpress") is an authorised representative (AR No. 1298901) of SuperGuardian (AFSL No. 485643). Any information that is financial product advice is provided by Xpress. The advice provided is general in nature and is not personal financial product advice. The advice provided has been prepared without taking into account your objectives, financial situation or needs and because of this you should, before acting on it, consider the appropriateness of it having regard to your objectives, financial situation and needs. You should carefully read and consider any product disclosure statement that is relevant to any financial product that has been discussed before making any decision about whether to acquire the financial product. Please refer to Xpress' FSG https://www.xpresssuper.com.au/download/fact_sheets/Financial-Services-Guide.pdf for contact information and information about remuneration and associations with product issuers.