

SUPER CO-CONTRIBUTION

BOOST UP YOUR SUPER SAVINGS - DON'T MISS IT

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Super co-contribution is an Australian Government initiative to help and encourage low to middle income earners save for their retirement. This initiative was introduced from 1st July 2003. This has been an enormous success for low and middle income Australians who are using this opportunity to boost their retirement savings. Under the scheme the government contributes \$1.50 for each \$1 the taxpayer contributed (up to maximum of \$1,500 per year), if the assessable income is less than \$30,342, which will be progressively reduces for incomes over this amount and phases out completely at \$60,342. Please note that government is reducing this benefit from next year to cover up budget deficit.

Eligibility

A taxpayer is eligible for the co-contribution if:

- making a personal super contribution (not any deductible or salary sacrifice contribution) by 30 June each year into a complying superannuation fund or retirement savings account (RSA)
- the total income is less than \$60,342 (indexed annually)
- 10% or more of the total income is from eligible employment, running a business or a combination of both
- the taxpayer is less than 71 years old at the end of the income year
- is not holding an eligible temporary resident visa at any time during the income year, and
- lodge the income tax return

From 1st July 2007 self-employed individuals entitled to receive super co-contribution on the condition that they receive 10% or more of their total income from

- carrying on a business

- eligible activities or
- combination of both

Applying for super co-contributions

An individual doesn't need to apply for the co-contribution, instead

- making personal super contributions (after tax) before 30 June to the super fund or retirement savings account (RSA)
- don't claim a personal super contributions as deduction for at least some of the personal contribution in the income tax return; and
- lodge the income tax return

Once the complying super fund has reported the personal contributions to ATO, and the individual lodged their income tax return, ATO calculate the co-contribution and deposit it into the super account. ATO make the most of the payments between November and January each year, as most contributions are reported by this time.

Making a personal contributions

Personal contributions are the amounts those the individual contributes to their super fund after their tax income; which is an addition to any employer contributions and does not include contributions made through a salary sacrifice arrangement.

A taxpayer does not need to contribute the full \$1,000 to be eligible, any amount upto \$1,000 will attract the super co-contribution and the amount do not need to be lump sum, it can be regular payments throughout the financial year.

How much is the super co-contributions

The maximum amount you can receive is \$1,500 for 2008-09 financial year. The table below outlines the phasing out scale for incomes exceeding \$30,342.

Assessable income	Personal contribution required for maximum super co- contribution	ATO maximum super co- contribution
\$30,342	1,000	1,500
\$32,342	934	1,400
\$34,342	867	1,300
\$36,342	800	1,200
\$38,342	734	1,100
\$40,342	667	1,000
\$42,342	600	900
\$44,342	534	800
\$46,342	467	700
\$48,342	400	600
\$50,342	334	500
\$52,342	267	400
\$54,342	200	300
\$56,342	134	200
\$58,342	67	100
\$60,342	0	0

Points to know

- super co-contribution can't pay directly to taxpayers account unless
 - the taxpayer has an active eligible super account, and
 - have retired due to disability or because of reaching the preservation age
- the co-contributions is not subject to any tax when paid into the super account, but any earnings from the contribution is taxable for the super fund
- a taxpayer is not entitled to a co-contribution for any amount of personal contributions choose to claim as a tax deductions

- a person is only eligible for a co-contribution when they make their own personal super contributions and meet all the eligibility criteria, contribution by someone else will not attract the co-contribution
- ATO pay the co-contribution directly into the super fund account the taxpayer made the personal contribution to, so long as the fund accept the co-contribution
- From 1st July 2007 a self-employee individual is entitled to get the co-contribution as long as they meet the 10% test
- Contributions those do not count for the co-contributions are
 - Super guarantee contributions paid by the employer
 - Personal contributions for which deductions has been claimed
 - Contributions made by spouse or someone else on behalf of the taxpayer
 - Salary sacrifice contributions

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