



RICHARDS FINANCIAL

PERSONAL SUPERANNUATION CONTRIBUTIONS – 10% RULE REPEALED

With the end of the financial year fast approaching, it is time to start thinking about income tax deductions.

Under the new Government changes to super, effective 1 July 2017, the 10% maximum earnings condition for personal superannuation contributions was removed for the 2017-18 and future financial years.

This rule provided that an individual must have earned less than 10% of their income from their employment related activities to be able to deduct a personal contribution.

This change ensures that individuals receiving employment income are not dependent on whether their employers offer salary sacrifice arrangements. Self-employed individuals and individuals in receipt of passive income can make deductible personal contributions regardless of the amount of salary or wages they earn.

This means most individuals under 75 years old can now claim a tax deduction for personal contributions to their SMSF (including those aged 65 to 74 who meet the work test).

Before the end of the financial year you need to:

Review if you have income available to contribute to your SMSF.

Review your total concessional contributions to ensure they are below the annual cap of \$25,000.

Review any current salary sacrifice arrangement you may have for its necessity and benefits.

To be eligible for the deduction, you need to provide a valid notice of intention to deduct and have received acknowledgement of this notice from the fund.

Splitting amounts to your spouse

If you are planning to split all or part of your personal contributions with your spouse, you should give your trustee the notice of intent to claim a deduction first.

If your trustee has accepted your application to split your contributions, they cannot accept the notice to claim a deduction.

This change may require you to adjust your contribution strategies going forward.

This will most likely be the case if you are under 75 and the previous 10% rule prohibited you from making personal superannuation contributions.

How can we help?

SMSF Specialist advisors can assist you to ensure you are maximizing your personal superannuation contributions based on your specific circumstances and those of your fund. Please feel free to give me a call to arrange a time to meet so that we can discuss your particular requirements, especially in the lead up to the end of the financial year.