

Super co-contribution

Saving now for your future




Eligibility

The eligibility requirements for the co-contribution have been changed to allow more people to benefit from this initiative. We recommend you take some time to review your circumstances as you may now be eligible, even if you weren't before 1 July 2007.

You are eligible for the co-contribution if:

- you make a personal super contribution by 30 June each year into a complying super fund or retirement savings account (RSA)
- your total income is less than \$58,980 (this is indexed annually to reflect changing average wages)
- 10% or more of your total income is from eligible employment, running a business or a combination of both
- you are less than 71 years old at the end of the income year
- you do not hold an eligible temporary resident visa at any time during the income year, and
- you lodge an income tax return.

 **Remember, you are not entitled to a co-contribution for contributions you claim as a tax deduction, and your super fund must have your tax file number (TFN) to accept your co-contribution.**

The super co-contribution is growing into the future

From 1 July 2007:

- self-employed people who earn income from running a business as a sole trader or in partnership may be eligible for a co-contribution
- your super fund needs your TFN before it can accept your personal contribution or co-contribution from us, and
- lower and higher income thresholds will be indexed to reflect changes in average wages.

Extension of co-contribution payments to the self-employed applies to eligible personal contributions you make from 1 July 2007 with co-contribution payments commencing in the 2008–09 financial year.

Calculating total income

Your total income includes your salary or wages and net business income. It also includes other income such as interest or dividends, plus reportable fringe benefits. It may not be the same as your taxable income.

The 10% income test

You can only receive a co-contribution if 10% or more of your total income is from eligible employment, running a business or a combination of both. Business income includes gross income as a sole trader and partnership distributions but does not include trust distributions.

The following table provides some examples of how total income is counted for co-contributions.

Income source	Total income	10% Test
Salary or wages including employment income through a company or trust	Yes	Yes
Director fees as a company director	Yes	Yes
Investment income	Yes	No
Income as a sole trader	Yes (net income)	Yes (gross income)
Partnership distribution	Yes	Yes
Distribution from a trust	Yes	No

Example

Leigh is 33 years old and self-employed. His business income for the 2007–08 income year is \$68,980, but he has business expenses of \$30,000. He also meets the other eligibility criteria for the co-contribution. Leigh meets the 10% test because his total income is from running a business.


During the financial year he made personal contributions to his super fund of \$800, which he did not claim as a tax deduction. We pay a co-contribution of \$1,000 into his super fund for that financial year.

Applying for super co-contributions

You don't need to apply for the co-contribution. All you need to do is:

- make personal super contributions during the year to your super fund or RSA for which you do not claim an income tax deduction, and
- lodge your income tax return.

Once your super fund has reported your personal contributions to us, and you have lodged your income tax return, we can then calculate your co-contribution and deposit it into your super account. We make most payments between November and January each year as most contributions are reported to us by then.

-  **If you don't supply your TFN to your super fund or RSA, they cannot accept your personal contributions and you may miss out on a co-contribution.**

Making a personal contribution

Personal contributions you make will only count towards the super co-contribution if you make them from your own money including after-tax income. Your super fund can tell you how to make personal super contributions.

Most funds offer different options for making contributions including BPAY®, or through your financial institution.

In some cases, you can deposit money into your super account directly from your pay. Talk to your employer or payroll officer to find out more.



Remember to check with your current super fund to make sure they accept personal super contributions and they have your TFN.

What if I make a contribution on behalf of someone else?

A person is only eligible for a co-contribution when they make their own personal super contributions and meet all of the eligibility criteria, which includes lodging an income tax return.

Working out the amount of super co-contribution

The way your co-contribution is calculated depends on the financial year in which you made your personal super contributions.

	Lower income threshold	Higher income threshold
From 1 July 2003 until 30 June 2004	\$27,500	\$40,000
From 1 July 2004 until 30 June 2007	\$28,000	\$58,000
From 1 July 2007	\$28,980	\$58,980

What will I receive for every \$1 of personal super contributions?	What is my maximum entitlement?
<p>\$1 for every \$1, up to a maximum co-contribution of \$1,000 a year.</p>	<p>Your maximum amount is \$1,000. However, you must reduce this by 8c for every dollar you earn over \$27,500 up to \$40,000.</p>
<p>\$1.50 for every \$1, up to a maximum co-contribution of \$1,500 a year.</p> <p>! For the 2005–06 income year, you will receive an additional one-off payment, doubling your co-contribution entitlement.</p>	<p>Your maximum amount is \$1,500. However, you must reduce this by 5c for every dollar you earn over \$28,000 up to \$58,000.</p>
<p>\$1.50 for every \$1, up to a maximum co-contribution of \$1,500 a year.</p>	<p>Your maximum amount is \$1,500. However, you must reduce this by 5c for every dollar you earn over \$28,980 up to \$58,980.</p>

Example

Robyn is 42 years old. Her total income for the 2007–08 income year is \$42,980. During the financial year she made personal contributions totalling \$1,001 (that is, \$38.50 each fortnight) to her super fund. Robyn also meets all of the eligibility criteria for the co-contribution.

We pay a co-contribution of \$800 into her super fund for that financial year.

Is there an easy way to work out how much I will get?

You can easily work out your super co-contribution by using the super co-contribution calculator. The calculator works out the co-contribution you may be eligible to receive based on information you provide about your income and the personal super contributions you make.

- **To use the super co-contribution calculator, refer to *Super co-contribution calculators* on our website at www.ato.gov.au**

How will I know my co-contribution has been paid?

We will send you a letter with details about your co-contribution amount about a month after we send your co-contribution to your super fund.

Your super fund should include the co-contribution payment on your next super statement.

Choosing where super co-contributions are deposited

We generally pay your super co-contribution directly into the super account you made your personal super contribution to, so long as your fund accepts the co-contribution.

If you want us to pay your co-contribution into a different super fund, you need to complete a *Superannuation fund nomination* (NAT 8676) form and send it to us before we make your payment.

- To obtain a copy of the *Superannuation fund nomination* (NAT 8676) form:
 - visit our website at **www.ato.gov.au** or
 - phone us on **13 10 20**.

Can my co-contribution be paid directly to me?

We can't pay your co-contribution directly to you unless you:

- don't have an active eligible super account, and
- have retired
 - due to disability, or
 - because you have reached preservation age.

- To request your co-contribution to be paid directly to you, complete the *Super Co-contribution – request for direct payment* (NAT 10759) form. To obtain a copy:
 - visit our website at **www.ato.gov.au** or
 - phone us on **13 10 20**.

Tax on super co-contributions

The co-contribution is treated like a contribution for which you haven't claimed a tax deduction. It is not subject to any tax when paid into your account.

The amount will not be taxed as an end benefit but any earnings will be taxed in the fund.

More information

For more information about the super co-contribution:

- visit our website at **www.ato.gov.au**
- phone us on **13 10 20**, or
- write to us at
PO Box 3100
PENRITH NSW 2740

If you do not speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service on **13 14 50** for help with your call.

If you have a hearing or speech impairment and have access to appropriate TTY or modem equipment, phone **13 36 77**. If you do not have access to TTY or modem equipment, phone the Speech to Speech Relay Service on **1300 555 727**.

Our commitment to you

We are committed to providing you with advice and information you can rely on.

If you feel this publication does not fully cover your circumstances, please seek help from the Tax Office or a professional adviser.

The information in this publication is current at October 2007.

We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for a more recent version on our website at **www.ato.gov.au** or contact us.

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