

The ATO has asked ASFA to distribute the article below for inclusion on fund websites or in specific communications with members.

The article contains cleared content from the ATO and they encourage its use in total citing the ATO as the source.

Changes to super caps

Changes to the concessional contributions caps came into effect on 1 July 2009. Any super contributed over a cap amount is subject to extra tax. The cap amount and how much extra tax your member pays once they exceed the cap depend on whether the contributions are concessional or non-concessional.

The concessional contributions cap has been reduced to \$25,000 (indexed) for contributions made in 2009–10 and later financial years. The transitional cap (not indexed) has been reduced to \$50,000 for contributions made in the 2009–10 financial year.

The non-concessional contributions cap for the 2009–10 and later financial years is now six times the concessional contributions capital. It will therefore remain at \$150,000 in 2009–10.

! Mail-out to fund members

From September 2009, we will be sending letters directly to members most at risk of exceeding the cap. Our aim is to get these members to review the amount of their concessional contributions for the 2009–10 year.

To help members determine what contributions are counted as concessional, the letter lists some of the common reasons that can cause people to exceed their concessional contributions cap.

You may receive calls from your members who require assistance to determine the amount of their concessional contributions for the year.

The mail-out will be spread across a two-month period.

Excess contributions tax assessments

If your member exceeds a contributions cap, they will receive an excess contributions tax assessment.

Your members may exceed their contributions caps if you do not report their contributions correctly. To make sure your members are correctly assessed for excess contributions tax:

- ensure each member's details and account information are correct on your member contribution statement. Incorrect data can lead to extra work for you and your member
- provide your members with information about the type and amount of contributions paid to their super fund.

If your member receives an excess contributions tax assessment, they will also receive a release authority to authorise the release of up to the tax amount from their super fund. The correct amount must be released on time or penalties may apply.

For more information, refer to www.ato.gov.au/supercaps