

Eligible taxpayers can make concessional contributions to superannuation up to the prescribed limit (\$25,000 to 2021 and \$27,500 thereafter currently).

Concessional contributions include:

- Superannuation guarantee contributions
- Additional payments to your superannuation fund from your employer over and above guarantee required
- Salary sacrifice superannuation contributions through your employer and
- Super contributions which have been claimed as a deduction in your tax return

Any contributions exceeding your concessional cap limit are called excess concessional

Concessional contributions are **not included in your individual taxable income**. They are instead taxed at 15% going into the superannuation fund – your super fund handles payment of this tax on your behalf.

When you have excess contributions for a tax year the ATO will notify you via an **Excess concessional (before tax) super contributions notice**. The notice will issue either with your original Notice of Assessment (NOA) for the tax year or will come later and amend your Notice of Assessment

Two things will be different:

- 1 Your NOA taxable income will increase from your estimate/original NOA as the excess concessional contribution amount is added back onto your taxable income (as the excess shouldn't have been excluded from your taxable income originally).
- 2 You will receive a credit for the 15% tax paid within the super fund that is in relation to the excess concessional contribution. This credit will show as an offset on your NOA labelled 'Excess concessional contributions tax offset'.

This change will usually result in more tax payable to the ATO.

There is also an excess concessional contribution charge that is levied. This charge varies with the level of your excess contribution and is shown on the Statement of Account provided with your updated NOA and on your excess concessional contributions notice.



note that, depending on your situation, you may still have an overall refund if there is enough credit in your NOA to absorb the increased payable amount.

What to do if you disagree with the notice

If the contribution information within the determination is incorrect, either:

- contact your super fund to have them re-report any incorrectly reported contributions and then advise the ATO of this.
- contact us to amend your tax return if you did not claim the correct personal super contribution deduction in your tax return.

How to make payment

- Your statement of account will show the total amount payable from your revised NOA and the excess concessional contributions charge. A payment slip (if applicable) will be on this form.
- The due date will usually be on your NOA for your NOA balance and the excess contributions charge.
- To help pay for any additional amounts due as a result of the excess concessional contribution you can apply for a release of the excess concessional contributions amount from your super fund.
- Your super fund will release up to 85% of your excess concessional contribution (as the remaining 15% has been withheld as tax and was already credited to your NOA).

If you wish to take out the funds, please refer to your excess concessional contributions letter for details of how to release the funds using your MyGov account. Note that defined benefit funds may not be able to provide this option

If you choose to keep the funds in your superannuation fund, then they are reclassified as a non-concessional contribution and are subject to the relevant caps for those contributions.

Releasing the money from your superannuation fund will reduce the funds held in the account. As superannuation is a concessional tax environment this may not be beneficial for you, particularly as lower contribution caps mean that it is more difficult to move money into your super fund. If you have the funds available outside of superannuation, then it may be worth paying the debt from these funds.

For further information please see https://www.ato.gov.au/Individuals/Super/In-detail/Growing-your-super/Super-contributions---too-much-can-mean-extra-tax/?page=2#Concessional_contributions



Possibly more than the annual limit if the new unused concessional cap carries forward rule can be used.