TACTICALSUPER

SMSF AUDIT SPECIALISTS

Be SUPER ready for 1 July 2017

On 1 July 2017
the biggest changes to
superannuation in the
last decade come
into effect.

This guide outlines those changes.

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Director
Tactical Super

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Lowering the

Annual Non–Concessional Contributions Cap

Was

$180,000 per year
or
$540,000 under the three year bring forward rule

Commencement Date: 1 July 2017

Now

Non – concessional contributions are after tax contributions.

$100,000 per year
or
$300,000 under the three year
bring forward rule

There are transitional rules so if you want to contribute the full $540,000, you need to do that before 1st July 2017.

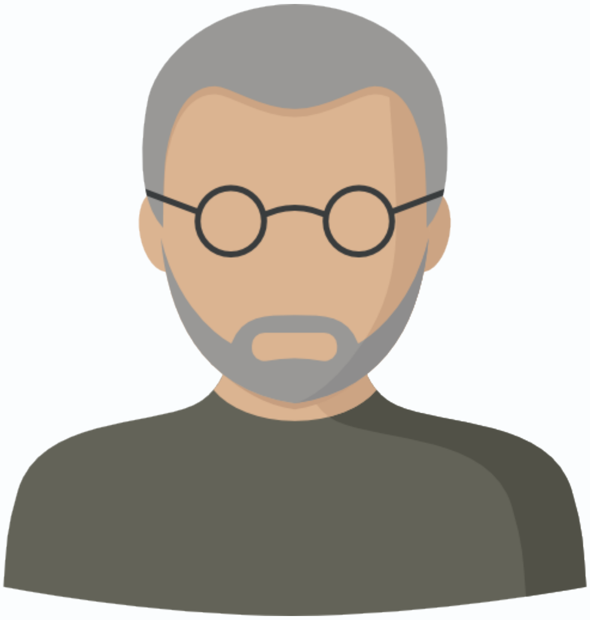
Reduced Concessional

Contribution Cap

Was

Annual Concessional Contribution cap of

$30,000
if under 49 on 30 June
previous income year



$35,000
if over 49

Commencement Date: 1 July 2017

Now

Concessional contributions are employer or personal contributions where a tax deduction has been claimed.

Annual Concessional Contribution cap of

$25,000

regardless of age

Catch Up
Concessional Contributions

Was

No ability to catch up unused contributions

Commencement Date: 1 July 2017

Now

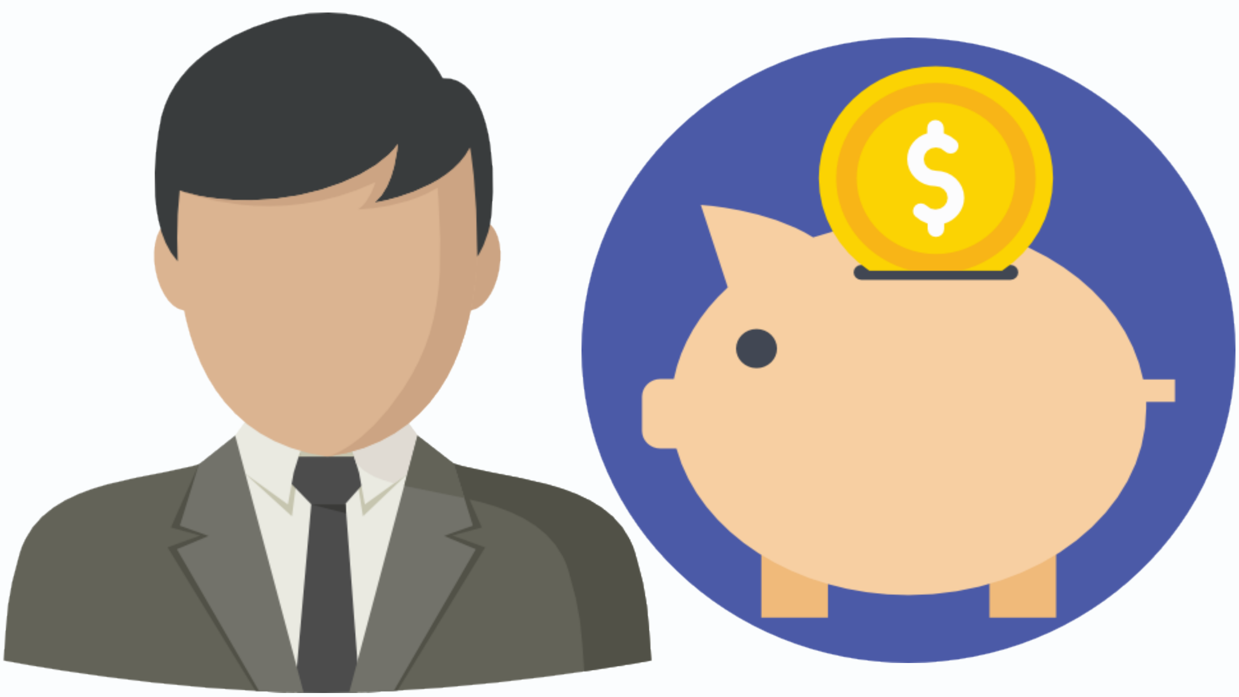
If you have an account balance of $500,000 or less,

you can carry forward the balance of your unused concessional contribution cap for 5 years.

Tax Deductions for Personal Contributions

Was

Only available to people who earn less than 10% of their income from salary and wages



Commencement Date: 1 July 2017

Now

If you are under 65 or between 65 & 74 and meet the work test, you will be able to claim a tax deduction for personal contributions to eligible superannuation funds up to the concessional contributions cap.

Increase Tax on Contributions For Those

Earning More Than $250,000

Was

You could earn $300,000 before additional 15% tax was payable on superannuation contributions

Commencement Date: 1 July 2017

Now

Tax of 30% on contributions if you earn $250,000 or over

Transitional to Retirement Income Streams

Tax Concessions Removed

Was

Income attributable to transitional to retirement income streams were exempt from tax.

Commencement Date: 1 July 2017

Now

Transitional to Retirement Income Streams will no longer be eligible for exempt pension income.

Earning will be taxable at 15% (instead of 0%)

$1.6 Million Pension Cap

Was

No cap for pension balances

Commencement Date: 1 July 2017

Now

There is a transfer balance cap of $1.6 million on the amount you can transfer into a tax free pension account.

If you have a pension that has a balance of over $1.6 million you will need to move the excess amount back into accumulation or withdraw it from the fund prior to 1st July 2017.

It is a transfer cap – so the pension assets will increase (or decrease) and the growth and subsequent earnings remain tax free.

Breaching the cap will result in tax on the excess.

CGT
Relief Arrangements

If, because of the new legislation you have to roll money back into accumulation mode or are in a TRIS, from 1 July 2017, any capital gains would become taxable so the legislation has transitional CGT rules.

The CGT relief arrangements allow you to reset the cost base on those assets. Basically you "pretend" you sold the assets as at 30 June 2016.

Commencement Date: 1 July 2017

Now there are no tax consequences on the pension proportion but if the fund has some funds in accumulation you need to make an election. You can either pay the tax now or defer it.

But you have to make an election before the funds 2016-17 income tax return is lodged. If you defer the tax on the gain you don't pay it until the asset is sold.

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