



Super co-contribution

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The super co-contribution is an Australian Government initiative to assist eligible low to middle income earners save for their retirement.

If you are eligible and make personal superannuation contributions, the Government will match your contribution with a co-contribution up to certain limits.

What is the super co-contribution?

The super co-contribution was introduced from 1 July 2003. It is an Australian Government initiative to help low to middle income earners save for their retirement.

If you are eligible and make [personal superannuation contributions](#) to a complying superannuation fund or [retirement savings account](#), the Government will match your personal super contribution with a co-contribution up to certain limits.

From 1 July 2004, the maximum co-contribution amount was increased from \$1,000 to \$1,500.

For the 2005-06 income year only, the Government has announced a one-off additional payment, doubling your co-contribution

entitlement for that year.

From 1 July 2007, the maximum co-contribution amount will stay at \$1,500, and the self-employed may be [eligible](#).

Since the co-contribution scheme commenced, approximately 1.2 million individuals have had a co-contribution entitlement paid into their superannuation account.

What is new with the super co-contribution?

Effective from 1 July 2007:

- the income thresholds will be indexed to Average Weekly Ordinary Times earnings (AWOTE), to ensure that the lower and higher income thresholds reflect changing average wages
- the co-contribution initiative has been extended to include self-employed persons, and
- the total income calculation for the self-employed will be reduced by expenses from carrying on a business, when determining the amount payable.

What is the 2005-06 super co-contribution additional payment?

In the 2007 Federal Budget, the Treasurer Peter Costello announced that all Australians who were entitled to a super co-contribution for the 2005-06 financial year will receive a one-off additional payment, doubling their super co-contribution entitlement for the 2005-06 year.

For example, if you made eligible personal superannuation contributions during the 2005-06 income year and were entitled to a co-contribution of \$500, you will be entitled to an extra \$500 as a one-off additional payment.



Before the additional payment is made, we will check co-contribution records to ensure that there is no outstanding amount that needs to be paid back to us. If there is, we will deduct the outstanding amount from the one-off additional payment.

When will the Tax Office make this additional payment?

Most of the one-off additional co-contribution payments will be made to superannuation funds by 30 June 2007, with the remaining amounts being doubled when we calculate your payment for the 2005-06 year.

Do I need to apply for this additional payment?

No, the additional payment will be calculated from information we used to calculate your original 2005-06 payment. That is, your income tax return and your personal superannuation contribution information that your fund provides to us.

How will I know that the additional one-off payment has been made?

In most cases, we will make the co-contribution additional payment directly to your eligible superannuation account by 30 June 2007. You will receive a letter from us with details about your additional payment.

Where is the additional amount paid if I have closed my superannuation

account?

If your fund returns the additional co-contributions payment to us because your account has been closed, we will try to find you another eligible superannuation account. If we can't do this, we will send you a letter asking you to provide us with your new superannuation account details.

If this happens, you should check that your new superannuation fund can accept a co-contribution payment and give us the correct superannuation account details as soon as possible by completing a [Superannuation fund nomination form](#) (NAT 8676, PDF, 74KB).

I have retired since my 2005-06 super co-contributions payment was made. Am I still eligible to receive the additional one-off payment?

If you have retired and no longer have an active superannuation account, you will need to complete the [Application for direct payment of super co-contribution](#) (NAT 10759, PDF 332KB). Normally super co-contributions are paid to a superannuation fund, however payments can be made to you directly if, for example, you have retired and no longer have an active superannuation account.

What if I have already received a direct payment for the 2005-06 year?

We will pay the additional one-off co-contributions payment to you based on the information that you have already provided to us. There is no need for you to complete a new request for direct payment form.

I am a beneficiary or a legal representative of a deceased person who was entitled to a 2005-06 super co-contribution. Will I as a beneficiary be eligible to receive the additional one-off co-contribution payment?

We may be able to direct the additional one-off co-contributions payment to a beneficiary, legal representative, or estate trustee. To make a request for direct payment you will need to complete the [Application for direct payment of super co-contribution](#) (NAT 10759, PDF, 332KB) form to request the additional one-off co-contribution be paid.

For more information about the super co-contribution and deceased persons, refer to [key concepts explained - deceased persons](#).

What do I do if I think the information in my tax return is wrong for the 2005-06 year and I am entitled to this double payment?

You should only amend your income tax return where you have supplied incorrect information. If you believe you should be entitled to a co-contribution and the information you have supplied in your income tax return is accurate, you can write to us and request a review of decision. You can find more information on making changes to your tax return in our [amendment requests](#) for individuals.

How will it work from 1 July 2007?

If your total income (your [assessable income](#) + your [reportable fringe benefits](#)) is less than \$58,980 in a year of income, you make [personal superannuation contributions](#) of up to a \$1,000 and are otherwise [eligible](#), the Government will make a super co-contribution.

It means that if your total income for co-contribution purposes is \$28,980 or less in a year of income, the Government will put in one dollar and fifty cents (\$1.50) for every dollar (\$1) you put into your superannuation account, up to a maximum co-contribution of \$1,500 a year. The maximum amount of co-contributions is reduced by 5 cents for each \$1 your total income is over \$28,980 phasing out completely where your total income is \$58,980 or more.

Note – your total income may be different to your taxable income.

When your [total income](#) is more than \$28,980 but less than \$58,980 in a year of income, your co-contribution will be adjusted based on your total income and how much you personally contribute.

For example, if you are eligible and your [total income](#) is \$42,000 and you make personal superannuation contributions of \$1,000 during the relevant year, you will be entitled to a co-contribution of \$849.

Am I eligible for the super co-contribution?

The eligibility criteria for the co-contribution have now been widened to include more people.

From 1 July 2007, you will be eligible for the co-contribution in a year of income if:

- you make a [personal superannuation contribution](#) by 30 June each year into a complying superannuation fund or [retirement savings account](#)
- 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 year of income
- you do not hold an [eligible temporary resident visa](#) at any time during the year



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.

Super co-contribution thresholds

The way your co-contribution is determined will depend on the income year in which you made your personal superannuation contributions.

| | Lower income threshold | Higher income threshold | What will I receive for every \$1 of personal superannuation contributions? | What is my maximum entitlement? |
|-------------------------------------|------------------------|-------------------------|---|---|
| From July 1 2003 until 30 June 2004 | \$27,500 | \$40,000 | \$1 for every \$1, up to a maximum co-contribution of \$1,000 a year. | 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. |

| | | | | |
|-------------------------------------|----------|----------|---|---|
| From 1 July 2004 until 30 June 2007 | \$28,000 | \$58,000 | \$1.50 for every \$1, up to a maximum co-contribution of \$1,500 a year.  For the 2005-06 income year, you will receive an additional one-off payment, doubling your co-contribution entitlement. | 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. |
| From 1 July 2007 | \$28,980 | \$58,980 | \$1.50 for every \$1, up to a maximum co-contribution of \$1,500 a year. | 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. |

Super co-contribution calculators

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

The calculators can be used to work out the super co-contribution you could be eligible to receive, based on information you provide about your income and personal super contributions for the relevant income year.



To work out the super co-contribution you could be eligible to receive based on your income and personal super contributions **from 1 July 2004**, use this [Super co-contribution calculator](#).



For self-employed individuals the current 2007-08 Super co-contribution calculator provides an estimate only. An improved calculator to cater for the self-employed is being developed that will provide a truer estimate of your co-contribution entitlement.



To work out the super co-contribution you could be eligible to receive based on your income and personal super contributions **between 1 July 2003 and 30 June 2004**, use this [Super co-contribution calculator](#).

Your questions answered

What are the super co-contribution thresholds?

The way your co-contribution is determined will depend on the income year in which you made your personal superannuation contributions.

| | Lower income threshold | Higher income threshold | What will I receive for every \$1 of personal superannuation contributions? | What is my maximum entitlement? |
|--|------------------------|-------------------------|---|---------------------------------|
| | | | | |

| | | | | |
|-------------------------------------|----------|----------|---|---|
| From July 1 2003 until 30 June 2004 | \$27,500 | \$40,000 | \$1 for every \$1, up to a maximum co-contribution of \$1,000 a year. | 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. |
| From 1 July 2004 until 30 June 2007 | \$28,000 | \$58,000 | \$1.50 for every \$1, up to a maximum co-contribution of \$1,500 a year.  For the 2005-06 income year, you will receive an additional one-off payment, doubling your co-contribution entitlement. | 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. |
| From 1 July 2007 | \$28,980 | \$58,980 | \$1.50 for every \$1, up to a maximum co-contribution of \$1,500 a year. | 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. |

What happens if my total income is above the higher income threshold?

To be eligible for the co-contribution, your [total income](#) needs to be less than the higher income threshold for the relevant income year. If your total income exceeds the higher income [threshold](#) for any income year then you will not be eligible for the super co-contribution.

Do I need to apply for the super co-contribution?

No, you do not need to apply for the co-contribution. If you are [eligible](#), all you need to do is make personal superannuation contributions to your superannuation fund or [retirement savings account](#) and lodge an income tax return.

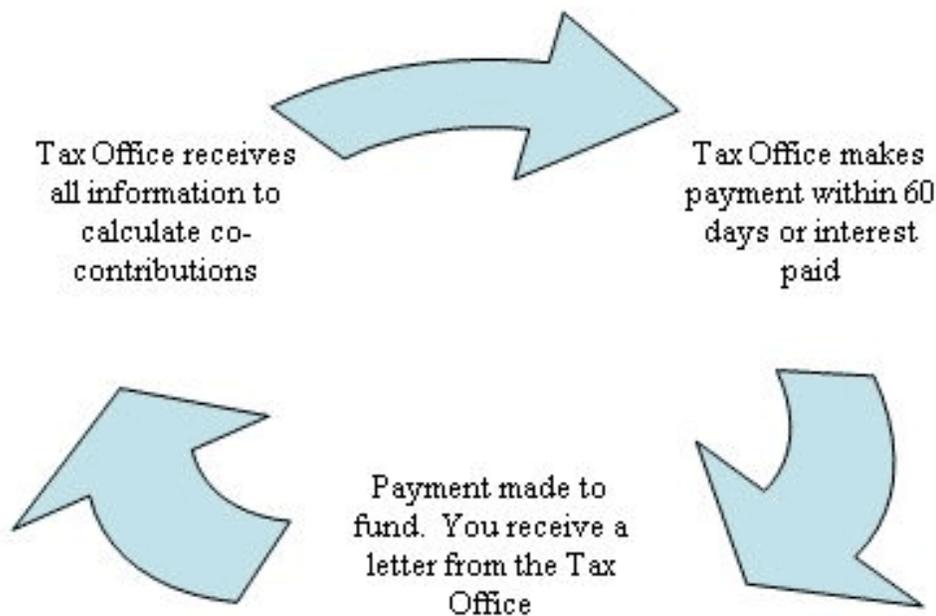
The Tax Office will use the information on your income tax return and contribution information we receive from your superannuation fund or retirement savings account to work out whether you are eligible. If you are, we will automatically calculate the co-contribution amount and deposit it into your superannuation account.

When will my super co-contribution be paid?

Your co-contribution is payable after:

- you have lodged your income tax return
- your superannuation fund has lodged a member contributions statement (MCS) for you, and
- the Tax Office has received any additional information required.

We generally receive the required information from superannuation funds by 31 October following the end of the income year. However, some smaller superannuation funds may not be required to report this information until the following 31 March.



What is a ‘personal superannuation contribution’?

Personal superannuation contributions are the amounts you choose to contribute to your superannuation fund from your after tax income. This is in addition to any employer contributions and does not include contributions made through a salary sacrifice arrangement.

You must make one or more personal superannuation contributions during the income year to obtain the co-contribution for yourself. The contributions must be made to a complying superannuation fund or [retirement savings account](#).

Are there any types of superannuation contributions that do not attract the super co-contribution?

Yes, only your personal ‘after tax’ superannuation contributions count. The following superannuation contributions do not attract the co-contribution:

- super guarantee contributions
- contributions made by your spouse or any other party on your behalf, and
- salary sacrifice contributions (these are considered to be employer contributions).

How do I make a personal superannuation contribution to my superannuation fund?

Your superannuation fund will be able to tell you how to best make personal superannuation contributions. Most funds offer different options for making contributions including BPAY, direct debit or through your bank account.

In some cases, you may be able to deposit a certain amount into your superannuation account directly from your pay – talk to your employer or payroll officer.

Can I choose where the super co-contribution is deposited?

The co-contribution will generally be paid directly into the superannuation account to which you made your personal superannuation contribution, providing that fund will accept the co-contribution.

If you wish to have your co-contribution paid into a particular superannuation fund, you can complete a [Superannuation fund nomination form](#) (NAT 8676, PDF, 74KB) or phone our information line on **13 10 20**.

It is important that this nomination be completed before the Tax Office receives all of the information necessary to make a co-contribution payment.

How will I know that I have received the super co-contribution?

The Tax Office will send you a letter with details about your co-contribution amount after it has been paid to your superannuation fund. Unless you nominate a particular superannuation fund account to us, your co-contribution will usually be paid into the fund where you make your personal superannuation contributions, providing they accept co-contributions. Your superannuation fund should include the co-contribution on your annual member statement.

Can the super co-contribution be paid into my bank account?

No. Unless you are eligible for a [direct payment](#), for example because you have retired, the co-contribution will generally be paid into your superannuation account. The preservation rules that apply to your current superannuation entitlements also apply to the co-contribution.

If you are eligible to receive a direct payment, the co-contribution will be paid to you as a cheque.

I am self employed – am I eligible for the super co-contribution?

From 1 July 2007, the super co-contribution has been extended to include the self-employed, providing you satisfy the eligibility criteria. This requires that 10% or more of your total income (not reduced for business deductions) be earned from eligible employment, carrying on a business or a combination of both.

The super co-contribution applies only to eligible personal superannuation contributions made to a complying superannuation fund or [retirement savings account](#) for which a deduction has not been claimed. Therefore, if you are self-employed and want to take advantage of the super co-contribution, you need to consider the amount of any contributions for which you will not claim a deduction in your income tax return.



Self-employed individuals are eligible for the super co-contribution from 2007–08 income year, therefore only personal contributions made from 1 July 2007 will count.



For more detailed information about how to calculate your total income for super co-contribution purposes, refer to our [case studies](#).

How will the super co-contribution be taxed?

The co-contribution will be treated, for taxation purposes, similarly to the personal contributions that it is matching. That is, it is tax free.

The super co-contribution will not be subject to any tax when it is paid to your superannuation fund or [retirement savings account](#)

and will not be taxed when received as a benefit. However, the earnings on the super co-contribution will be taxed like any other earnings within the superannuation fund or retirement savings account.

How is my total income calculated?

To be eligible to receive the co-contribution your total income needs to be less than the higher income [threshold](#) in any income year. Your 'total income' is equal to your assessable income plus your [reportable fringe benefits](#). Your total income may be different to your taxable income.

What can I do if I believe I should have been paid a co-contribution?

It is important to check that you have met all of the eligibility criteria, including making personal superannuation contributions to a complying superannuation fund or [retirement savings account](#) and that your total income is less than the higher income threshold.

If you believe that you have met all of the eligibility criteria, you should phone the Tax Office on **13 10 20** and ask about the reasons why your co-contribution has not been paid.

If you believe that you are entitled to a super co-contribution, you can write to us and request a review of decision.

Key concepts explained

Total income (how we determine the amount)

Your total income is not your taxable income. It represents the sum of your assessable income plus your [reportable fringe benefits](#) total.

For individuals, the assessable income is your income **before** deductions are allowed. This amount will generally be the amount you write at TOTAL INCOME OR LOSS on your income tax return, unless:

- you have a distribution from a partnership or trust, income or losses from rent or business (including personal services income), a capital gain or foreign source income, or
- you claimed a deductible amount for a pension or income stream.

Your [reportable fringe benefits](#) total is the amount you write at REPORTABLE FRINGE BENEFITS TOTAL on your income tax return.

For the self-employed, for the purposes of determining eligibility for the co-contribution under the 10% test, total income is the sum of assessable income and reportable fringe benefits **not** reduced by the deductions allowable for carrying on a business.

When calculating your total income as compared with the income thresholds to determine the amount payable, your total income is assessable income plus reportable fringe benefits **less** allowable deductions for carrying on a business. Reducing your total income by allowable business deductions for comparison with the thresholds ensures that if you have high gross business receipts and low profit margins, you are not arbitrarily exceeding the co-contribution income thresholds.

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 |

You can phone our information line on **13 10 20**, if you need help in working out your total income.

Assessable income for individuals

Assessable income is total income before deductions are allowed. Assessable income includes:

- salary and wages
- bank interest
- dividends and other income from investments
- bonuses and overtime paid to an employee
- gross business income/receipts
- a partner's share of the net income of the partnership
- commission paid to a salesperson
- pensions
- rent
- other amounts that are not ordinarily classed as income including
 - net capital gains
 - employer termination payments.

Assessable income for the self-employed

To determine whether you satisfy the 10% test, assessable income is total income **before** deductions are allowed. Assessable income includes:

- salary and wages
- bank interest
- dividends and other income from investments
- bonuses and overtime paid to an employee
- gross business income/receipts
- a partner's share of the net income of the partnership
- commission paid to a salesperson
- pensions
- rent
- other amounts that are not ordinarily classed as income including
 - net capital gains
 - employer termination payments.

When comparing your total income to the co-contribution thresholds, and for determining the amount payable, assessable income is total income after deductions are allowed. Assessable income includes:

- salary and wages
- bank interest
- dividends and other income from investments

- bonuses and overtime paid to an employee
- business profits
- a partner's share of the net income of the partnership
- commission paid to a salesperson
- pensions
- rent
- other amounts that are not ordinarily classed as income including
 - net capital gains
 - employer termination payments.

Reportable fringe benefits amounts

Generally, fringe benefits are non-cash benefits, provided to you, or an associate (for example, your spouse or children), because of your employment. The personal use of a car or supply of free, or low cost, goods or accommodation, are examples of the fringe benefits an employer may provide that may give rise to reportable fringe benefits amounts.

Reportable fringe benefits amounts are the grossed up taxable value of your benefits, reflecting the gross salary you would need to earn to purchase the benefit from after-tax dollars. Your employer has to calculate and report these amounts on your payment summary if they exceed the fringe benefits reporting exclusion threshold in the relevant fringe benefits tax year. You are then required to declare the total of all your reportable fringe benefits amounts, as shown on your payment summaries, in your income tax return.



For more information, including the current value of the fringe benefits reporting exclusion threshold, please refer to [Reportable fringe benefits – facts for employees](#) (NAT 2836).



For examples, refer to the [case studies](#) on total income.

Eligible employment for super co-contribution purposes

From 1 July 2007, to be eligible to receive a super co-contribution, you must earn 10% or more of your total income (before allowable business deductions) from eligible employment, carrying on a business or a combination of both.

Eligible employment generally means anything resulting in you being treated as an employee.

Amounts from eligible employment also includes some income of employees who think of themselves as being self-employed, such as those who run their business through a company and the company pays them salary or wages.



For more detailed information about how to calculate your total income for super co-contribution purposes, refer to our [case studies](#).

You can phone our information line on **13 10 20**, if you need help in determining if amounts are attributable to eligible employment.

Age requirements

To be entitled to the co-contribution you must be less than 71 years old at the end of the income year in which you make the personal superannuation contribution.

Example

Mary turns 71 years of age on 6 June 2007. She will not be eligible for the co-contribution for the 2006-07 year, as she will not be under 71 years of age at the end of this year.

Eligible temporary resident visas

Generally, if you are an Australian resident or New Zealand permanent resident working in Australia, you would be eligible for the co-contribution, providing you fulfil all other eligibility criteria.

You will not be eligible for the co-contribution if you hold an [eligible temporary resident visa](#) at any time during the income year.

If you hold an eligible temporary resident visa and have worked in Australia, you may be eligible for the [departing Australia superannuation payment](#) (DASP).

Income Tax Return

An income tax return is a form on which you disclose your income, tax paid, deductions and/or tax offsets for an income year. It is a requirement to lodge an income tax return to receive the co-contribution. The Tax Office will use the information you provide to help determine your eligibility.

Superannuation fund reporting requirements

Complying superannuation funds and [retirement savings accounts](#) providers are required to report to the Tax Office information in relation to contributions made into your superannuation account each financial year. Superannuation funds generally report any personally contributed amounts to the Tax Office by 31 October following the end of the financial year. Some small funds have a later lodgment date.

For example, for the 2006-07 financial year, superannuation funds will generally report member contributions to the Tax Office by 31 October 2007.

Working out the super co-contribution

A decision can be made by the Tax Office on whether a co-contribution is payable to you after:

- you have lodged your income tax return
- your superannuation fund has lodged a member contributions statement (MCS) for you, and
- we have received any additional information required.

Once the Tax Office has received all the necessary information, your co-contribution will be paid within 60 days. However, most superannuation funds are not required to report your contribution information until 31 October following the end of the financial year.

For example, for the 2006-07 financial year, superannuation funds will generally report member contributions to the Tax Office by 31 October 2007. Some small funds have a later lodgment date and are not required to lodge their member contribution statements until March 2008.

Interest on late payments

After all the required information has been received by the Tax Office, and if the Tax Office has not paid the co-contribution after 60 days, your co-contribution for that year will be increased by an amount of interest.

Interest is calculated:

- on any amount of the co-contribution that is paid after 60 days
- from day 61 to the date the entitlement is paid in full, and
- at the monthly average 90-day Bank Accepted Bills rate.

The interest payable on the co-contribution is not be subject to any tax when it is paid to your superannuation fund or [retirement savings account](#) and will not be taxed when received as a benefit. However, the earnings on the interest will be taxed like any other earnings within the superannuation fund or retirement savings account.

Underpayments

An underpayment occurs where the Tax Office has paid the co-contribution for a financial year and determines at a later date that your correct co-contribution is greater than the original amount paid. If an underpayment occurs, the Tax Office will pay the additional entitlement to your superannuation fund or [retirement savings account](#) retirement savings account. Underpayments may occur as a result of:

- your income tax return being amended
- an amended member contributions statement (MCS) from your superannuation fund, or
- an additional MCS being lodged by another superannuation fund.

Underpayments must be paid within 60 days of all relevant documentation relating to the underpayment being provided to the Tax Office. Interest on underpayments not paid within this timeframe is calculated the same way as interest on late payment of the co-contribution.

Overpayment

If an overpayment occurs, the Tax Office may recover the overpayment from a future co-contribution entitlement, directly from the superannuation fund or [retirement savings account](#).

Direct payment of the super co-contribution

The co-contribution may be paid to you directly if you meet the [eligibility](#) criteria and no longer have a superannuation fund or [retirement savings account](#) because you retired and have already received your superannuation entitlements.

In the event of your [death](#), the co-contribution may be paid directly to your estate.

You can apply for direct payment of your current or future co-contribution by completing the [Application for direct payment of super co-contribution](#) (NAT 10759, PDF, 332KB).



The payment is not taxable.

Preservation

The preservation rules mean that the co-contribution will be treated as a [preserved benefit](#).

Preserved benefits must be retained in a superannuation fund or [retirement savings account](#) until the member has met a condition of release. Generally, a condition of release is satisfied when a member has reached at least 55 years of age and permanently retired from all employment. At 65 years of age, there is no restriction on the payment of the benefit. If a member has not attained their preservation age and permanently retired, the benefit can be paid where it is as a result of the member's death, or disablement. An application may also be made to release benefits for severe financial hardship or compassionate reasons.

You will also need to satisfy any conditions of release in the superannuation fund rules. You can contact your superannuation fund if you think you have already met a condition of release.

Deceased persons

Before the Tax Office can determine a co-contribution for a deceased person, a final income tax return must be lodged on their behalf, and an application for a direct payment for co-contributions received.

An application for direct payment of the co-contribution in these circumstances can be lodged and must include:

- a written and signed request from the executor or legal personal representative for payment of the co-contribution, and
- a letter from the superannuation fund(s) detailing personal superannuation contributions made by the deceased during the income year, or the member contributions statement from the superannuation fund.

Note – if an application for payment is not lodged, any co-contribution entitlement will be paid to the estate once the Tax Office has received the final income tax return and personal contribution information from the superannuation fund or [retirement savings account](#) provider.

You can phone our information line on **13 10 20** if you need assistance.

Super co-contribution calculation (2007-08 income year)

The maximum co-contribution amount that you can receive (\$1,500) is reduced by 5 cents for each \$1 of your [total income](#) over \$28,980. The co-contribution phases out completely where your total income is \$58,980 or more.

Provided you are entitled to receive the co-contribution, the minimum amount payable is \$20.

The formula for calculating the maximum co-contribution amount is:

$$\$1,500 - \{[(\text{assessable income} + \text{reportable fringe benefits}) - \$28,980] \times 0.05\}$$

The co-contribution payable is the lesser of:

- the maximum co-contribution amount, or
- the amount of personal superannuation contributions x 1.5.

The co-contribution:

- must be preserved in the fund (it can only be accessed when other preserved amounts can be accessed)
- is not included as income in your tax return

- will not be subject to any taxation when initially paid to the fund, and
- will not be taxed when received as a benefit.

Super co-contribution calculation (2006-07, 2005-06 and 2004-05 income years)

The maximum co-contribution amount that you can receive (\$1,500) is reduced by 5c for each \$1 that your total income exceeds \$28,000. The co-contribution phases out completely when your total income is \$58,000 or more.

Note: A co-contribution received as a result of contributions made in the 2005-06 income year, attract an [additional one-off payment](#), doubling your co-contribution entitlement for that year only.

Provided you are entitled to receive the co-contribution, the minimum amount payable is \$20.

The formula for calculating the maximum co-contribution amount is:

$$\$1,500 - \{[(\text{assessable income} + \text{reportable fringe benefits}) - \$28,000] \times 0.05\}$$

The co-contribution payable is the lesser of:

- the maximum co-contribution amount, or
- the amount of personal superannuation contributions x 1.5.

The co-contribution:

- must be preserved in the fund (it can only be accessed when other preserved amounts can be accessed)
- is not included as income in your tax return
- will not be subject to any taxation when initially paid to the fund, and
- will not be taxed when received as a benefit.

Super co-contribution calculation (2003-04 income year)

The maximum co-contribution amount that you can receive (\$1,000) is reduced by 8c for each \$1 that your total income exceeds \$27,500. The co-contribution phases out completely when your total income is \$40,000 or more.

Provided you are entitled to receive the co-contribution, the minimum amount payable is \$20.

The formula for calculating the maximum co-contribution amount is:

$$\$1,000 - \{[(\text{assessable income} + \text{reportable fringe benefits}) - \$27,500] \times 0.08\}$$

The co-contribution payable is the lesser of:

- the maximum co-contribution amount, or
- the amount of personal superannuation contributions.

The co-contribution:

- must be preserved in the fund (it can only be accessed when other preserved amounts can be accessed)
- is not included as income in your tax return
- will not be subject to any taxation when initially paid to the fund, and
- will not be taxed when received as a benefit.

Case studies

Case study: Total income - the base for super co-contribution payment for employees

Amanda is a 42-year-old married woman who earns an annual salary of \$42,000. As a result of salary packaging a car, she also has reportable fringe benefits of \$8000, and has investments that return an annual dividend of about \$6,000.

Amanda also makes personal contributions to her superannuation, above the nine per cent of salary her employer must pay.

Initially, she understood she was eligible for a significant co-contribution, given her salary of \$42,000, but the co-contribution is calculated on total income determined by the Tax Office.

In this case, total income is \$56,000, comprising salary, fringe benefits and return on investments. With tax deductions of, say, \$3,000, taxable income is \$45,000. However, the Tax Office calculates any co-contribution on total income.

In the case of Amanda, with a total income of \$56,000 and personal superannuation contributions of \$1,000, a co-contribution payment is \$100 which still represents a 10 per cent return on investment in a matter of months.

Case study: Total income - the base for super co-contribution payment for the self-employed

In the 2007-08 income year Oscar has gross business receipts of \$43,000, business deductions of \$41,500, and other personal investment income of \$15,000. Is Oscar eligible for co-contributions?

For the purposes of the 10% test, total income is not reduced by allowable business deductions.

Oscar would be eligible to receive a co-contribution based on the eligibility criteria under the 10% test because the percentage of his gross total income from employment, carrying on a business or a combination of both is 74%

The 74% figure is calculated as:

$$\frac{\text{Gross business receipts}}{\text{(Gross business receipts + Other income)}}$$

$$= \$43,000 / (\$43,000 + \$15,000) = 74\%$$

As this percentage is greater than 10% of his total income, Oscar meets the 10% test.

Assuming other criteria have been met, the next step is to calculate the total income for co-contribution threshold purposes. For threshold comparison, total income is reduced by allowable business deductions.

Total income for Oscar for comparison with the lower and higher income thresholds would be calculated as:

(Gross business receipts + Other income) less business deductions

$$= (\$43,000 + \$15,000) - \$41,500 = \$16,500$$

Oscar has a total income of \$16,500 for co-contribution income threshold purposes.

Therefore, Oscar would qualify for the full \$1.50 on each \$1.00 he contributes to a complying fund (up to a maximum of \$1,000) as his total income is under the \$28,980 lower income threshold.

Need more information?

- subscribe to 'What's New' at www.ato.gov.au to receive regular updates
- phone us on **13 10 20** between 8.00am and 6.00pm, Monday to Friday, to speak to a tax officer
- write to us at:

Australian Taxation Office
PO Box 3578
ALBURY NSW 2640

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**.

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