

EISS Super

Additional 15% Tax on Contributions for Higher Income Earners

If you are a high income earner with an annual taxable income in excess of \$250,000 you may have to pay an additional tax on certain contributions called 'Division 293 tax'.

What is the definition of income for Division 293 tax?

The definition of income for Division 293 tax purposes, includes the following:

- taxable income;
- reportable fringe benefits;
- total net investment losses; and
- low tax contributions.

Low tax contributions, or contributions that are generally subject to concessional tax treatments include the following:

- employer contributions such as Superannuation Guarantee (SG), award, salary sacrifice and other employer contributions; and
- personal contributions, where a tax deduction is being claimed.

Low tax contributions exclude any excess concessional contributions.

What is considered 'taxable income'?

Taxable income is your assessable income less deductions. Any income you earn during the financial year including other employment income, rental income, investment earnings, termination payments or capital gains (e.g. from the sale of property) may also be included in the Division 293 taxable income calculation.

If you receive an Employer Termination Payment, the taxable component is included in your taxable income. A portion of your long service and/or annual leave may also be included in your taxable income.

The following income types are excluded from the income definition for Division 293 tax:

- taxed element of the taxable component of a superannuation withdrawal within the low rate cap; and
- non-assessable, non-exempt pensions and lump sum withdrawals.


How is Division 293 tax assessed?

The Australian Taxation Office (ATO) issues the assessment for Division 293 tax after superannuation funds lodge their concessional contribution reporting and you have lodged your income tax return, as such an assessment may take up to 12 months or more.

More information

For further details, please refer to the 'Division 293 tax' section at ato.gov.au. We recommend you seek specialist tax advice from a registered tax adviser or accountant in relation to complex tax matters such as this.

We're here to help

 1300 369 901

 eisuper.com.au

 GPO Box 7039, Sydney NSW 2001