How is super taxed?

Do we have your Tax File Number?

No one likes paying more tax than they have to, so please make sure we have your Tax File Number (TFN).

If we don't have your TFN the ATO will make us deduct 47% on all your concessional contributions and, we won't be able to accept any non-concessional contributions from you.

Providing your TFN is optional, but it could save you a lot of money. If you decide to give us your TFN, we'll only use it for lawful purposes such as tracking down any lost super for you, calculating any tax payable on contributions or payments, reporting to the ATO, co-contribution matching, providing it to another super fund or Retirement Savings Account provider if you've rolled your super out.

These purposes may change in the future if required by law.

When is super taxed?

Your super might be subject to tax at three stages; when contributions go into your account, on investment earnings in your account and when you withdraw your money.

Before-tax contributions

Concessional contributions are sometimes called 'before-tax' contributions. These contributions are paid into your super from your salary before you have paid tax.

They include:

- Compulsory SG contributions made by your employer
- Salary sacrifice contributions
- Any personal contributions for which you notify us of your intention to claim as an income tax deduction

Concessional contributions are taxed at 15% at the time the contribution is made into your super fund.

Beware; the Australian Government has set limits on the amount of contributions you can make each year without having to pay additional tax. The before-tax contributions cap for 2017/2018 is $25,000 and for 2016-2017 it was $30,000 (under 49) or $35,000 (49 & over).

After-tax contributions

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Non-concessional contributions are sometimes called ‘after-tax contributions’. These are generally voluntary contributions and include contributions made by:

- members from after-tax income
- a spouse

Non-concessional contributions are not usually taxed unless you exceed the non-concessional cap of $100,000* for the 2017/2018 financial year ($180,000 for 2016/2017). A tax of 47% will apply to the excess.

*If you’re under the age of 65 you have the opportunity to bring forward two years’ worth of after-tax contributions.

Find out more here.

Investment earnings

Investment earnings are taxed up to 15%. Tax payable on earnings from Australian and International shares may be reduced by imputation and foreign tax credits. Capital gains tax of 10% is payable on any investment held for more than 12 months. Investment earnings tax is deducted before crediting rates are applied to your account.

Withdrawals

If you’re 60 or over, you can withdraw your super as either a lump sum or an income stream and not pay any tax.

If you are under your preservation age 60 (outlined on page 2 in the Member Guide), your benefit consists of two components – a tax-free and a 'taxable' component. The latter is also comprised of two parts, but generally only the 'taxed element' applies for funds like WA Super - refer below for additional information.

For lump sums (incl. Medicare levy)

Age	Amount of tax payable on taxable component
60 and over	Nil
55 to 59	Tax-free up to $200,000 (or $195,000 for 2016/2017) and up to 17% on any excess amount
Under 55	22% (or your marginal tax rate if that is lower)

If your taxable income was over $180,000 a temporary budget repair levy may have applied from 1 July

2014 to 30 June 2017.

Tax components of super benefits

A tax-free component is the part of a benefit that is tax-free and does not count towards your assessable (or taxable) income.

A taxable component is the part of the benefit that is taxable. It may include two parts - one where tax has been paid and one where tax has not yet been paid. These are called taxed and untaxed elements respectively.

To work out how your super payout is taxed, you only need to understand how the taxed and untaxed elements of the taxable component are taxed. The tax-free component is not taxable.

- A taxed element is the super that has already had tax paid on it in the fund. It may or may not need to have additional tax paid on it once it is withdrawn. You may still need to include the taxed element in your tax return.
- An untaxed element is the part of your payout that hasn't had any tax paid on it in the fund, but which is still taxable. It must be included in your tax return as assessable income.

Find out more

Read our Member Guide to find out more about how your super is taxed.

Alternatively you could contact our Member Services team on (08) 9480 3500 or 1300 99 85 42 (Country Callers) for general advice and to assist you with understanding this complex area of the law.

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The information in this document is of a general nature only and does not take your personal investment objectives, financial situation and needs into account. You should assess whether any advice is appropriate to your individual investment objectives, financial situation and particular needs before making any investment decision. You should also consider seeking the assistance of a professional adviser.

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