

## RE: 2022 SUPERANNUATION – CONTRIBUTIONS

With the end of the 2021/22 financial year fast approaching, it is again time to consider the rules concerning contributions made to your self managed funds or other superannuation funds for this year. Following are some guidelines regarding current rules and ATO requirements.

### 2022 Financial Year

AGE	MAXIMUM CONTRIBUTION – CONCESSIONAL CAP
All age groups	\$27,500 per person

Employed and self employed people are now able to contribute up to \$27,500 and claim a tax deduction. This \$27,500 includes employer contributions and salary sacrificed amounts.

The Taxation Office may impose potentially large penalties for any individual who exceeds the above limit. Catch up superannuation rules may apply to allow extra deductible superannuation contributions based on the member's age and total superannuation balance. If you want to access these please contact us so we can determine eligibility.

Secondly, continuing for this year 2021/22, a contribution of **at least 10%** of ordinary time wages earnings for the year including directors' remuneration is required to meet your superannuation guarantee commitments. This contribution must be made in respect of all employees including working spouses and directors and contributions must be made before the 28<sup>th</sup> day of the month following the end of each quarter. The 10% contribution requirement applies to working directors and is part of the maximum deductible contribution limit mentioned above.

If you fail to meet the required level of contribution before the due date of each quarter, a non-tax deductible superannuation guarantee charge will be imposed by the government. Although due by 28 July, it is recommended that the June quarter contribution be made before 30 June 2022 to ensure your tax deduction in this current year.

You may contribute any amount up to and including the maximum amount per annum for each employee provided you ensure the minimum 10% amount is met. Your superannuation contribution is still concessional tax at 15% as are earnings within the superannuation accumulation fund.

- **Please note that some superannuation clearing houses can take up to one week to pass the contributions onto the respective fund. The ATO recommends making contributions before 23 June 2022 to claim a tax deduction in this financial year.**

### Retirement

There are additional rules which apply to funds where the members are above the age of 65 or if you have already retired and commenced drawing a pension. If you are in this category and contemplating retirement, it is recommended that you contact us to discuss your tax position as each person will have a different situation and the ATO has new reporting deadlines for Superannuation Funds (sometimes quarterly). For members who have already retired, **please ensure that you have withdrawn your minimum pension for the year.** If you are not sure of your minimum pension withdrawal amount, you should contact us as soon as possible. Due to Covid-19 minimum withdrawals were halved from normal rates.



## **Government Co-Contribution**

The Government continues to assist via a Super Co-Contribution. To be eligible for this Co-Contribution a person must do the following:

- I. Make a non-concessional contribution to a complying superannuation fund or retirement savings fund. The government will match up to half of what you contribute up to a maximum co-contribution of \$500.
- II. Earn between \$41,112 and \$56,112 of **adjusted** taxable income.
- III. Receive 10% or more of your assessable income plus reportable fringe benefits from eligible employment and/or carrying on a business.
- IV. Be under 71 years of age.
- V. Hold a temporary Visa at any time during the year.
- VI. Lodge an income tax return.
- VII. You have not contributed an amount more than your non-concessional cap for the relevant year.
- VIII. You have a total superannuation balance less than the transfer balance cap on 30 June of the year before the relevant financial year.

The maximum government contribution for the 2022 year is \$500 depending on your level of income.

## **Non concessional cap**

In addition to the deductible contribution cap of \$27,500, it is also permissible to make an annual non deductible contribution of up to \$110,000 per person. However, extreme care is required should you wish to avail yourself of this opportunity and it is recommended that you confirm your intentions with us to ensure your contribution is within the rules. Special work test rules apply to persons over the age of 65.

If your total superannuation balance is higher than \$1.7m, then you can not make non-concessional contributions. If your total superannuation balance in all funds is higher than \$1.48m then your ability to make non-concessional contributions is restricted.

A reminder for those who have their own self-managed fund, - you are also required to invest your superannuation funds prudently so that retirement benefits will be achieved and be available when you are ready to retire.

Downsizer contributions are potentially available for people over the age of 65 who sold their home after 1 July 2019. Please contact us for eligibility requirements as there are several conditions that must be met.

## **Funds in pension mode**

If your fund has already commenced paying a pension (due to your retirement) there is a minimum amount which must be withdrawn before 30 June 2022. Should this apply to you a separate letter would have been sent to you as your 2021 financial statements were completed to advise of the amount required to be withdrawn.

If you have any concerns or should you wish to discuss the level of your contributions for this year or the taxation treatment of your fund investments please contact our office at your convenience.

## **From 1 July 2022**

Superannuation Guarantee rate increases to 10.5%. Removal of \$450 per month eligibility threshold means employees can be eligible for Superannuation Guarantee regardless of how much they earn.

Yours faithfully



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Daniel Hanson

**Sheppard Hanson & Co**