



# Change to concessional contributions cap

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## **Our commitment to providing you with reliable advice and guidance**

*We are committed to providing you with accurate, consistent and clear advice and guidance to help you understand your rights and entitlements, and your obligations.*

*If you follow our advice or guidance and it turns out to be incorrect, or you make a mistake because it was misleading, we will take this into account.*

See also:

[Our commitment to you](#)

*This is general information and examples. It may omit details that could be significant in your personal circumstances*

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This information is for people who:

- receive contributions from their employer into super
- salary sacrifice into super
- make personal contributions to their super and claim a tax deduction for the contributions.

## **How has the concessional contributions cap changed?**

Concessional (pre-tax) contributions to your super include:

- employer contributions
- any amount you salary sacrifice\* into super
- personal contributions you claim as a personal super contribution deduction

Effective 1 July 2017, the 10% maximum earnings condition for [personal super contributions deductions](#) no longer applies for the 2017–18 and future financial years.

\*Not all employers offer salary sacrifice arrangements.

## **Concessional contributions cap**

As concessional contributions are paid before tax is applied, it means that your super fund pays tax on the contributions at 15%.

Effective 1 July 2017, the concessional contributions cap is \$25,000 for everyone. Previously, it was \$35,000 for people 49 years and older at the end of the previous financial year and \$30,000 for everyone else. The new cap will be indexed in line with average weekly ordinary time earnings (AWOTE), rounded down to the nearest \$2,500.

## **Carry-forward of unused concessional contributions**

From 1 July 2018, you will be able to 'carry-forward' any unused amount of your concessional contributions cap. You will be able to access your unused concessional contributions cap on a rolling basis for five years. Amounts carried forward that have not been used after five years will expire.

The first year in which you can access unused concessional contributions is 2019–20.

You will only be able to carry-forward your unused concessional contributions cap if your total superannuation balance at the end of 30 June of the previous financial year is less than \$500,000.

## **What you can do**

### ***What you can do on or before 30 June 2017***

<b>Situation</b>	<b>Action</b>
If you want to make extra concessional contributions	<ul style="list-style-type: none"><li>■ Check what concessional contributions have been made to all your super funds from 1 July 2016.</li><li>■ Estimate the amount of employer contributions that will be made for you before 30 June 2017 and how much you are contributing through salary sacrifice. You can use our <a href="#">Estimate my super tool</a> to work this out.</li><li>■ Arrange for the additional concessional contributions, up to your age cap, to be paid to your super account before 30 June 2017.</li></ul>

**What you can do from 1 July 2017**

Situation	Action
If you want to make extra concessional contributions	Make sure that when you add up your concessional contributions, you do not exceed \$25,000 in concessional contributions during the year.

**What you can do from 1 July 2018**

Situation	Action
If you have a total superannuation balance of less than \$500,000 at the end of 30 June of the previous year	<ul style="list-style-type: none"> <li>■ You can start to 'carry-forward' your unused concessional contributions cap.</li> <li>■ The first year in which you can access unused concessional contributions that you have carried forward is 2019–20.</li> </ul>

**Examples**

Main points	Example
<ul style="list-style-type: none"> <li>■ 55 years old</li> <li>■ Employer contributions are \$15,000 per year</li> <li>■ Salary sacrifices \$15,000 per year</li> </ul>	<p>On 1 March 2017, Bob thinks he can contribute another \$5,000 to his super, so he talks to his employer and arranges for an extra \$1,000 per month to be salary sacrificed into his super. He wants to take advantage of the higher contribution cap available until 30 June 2017.</p> <p>On 1 July 2017, Bob's concessional cap will be \$25,000 per year. Bob realises that the total of his current employer contributions and salary-sacrificed amounts will be more than \$25,000, so he reduces his salary-sacrificed contributions to \$10,000 per year. This ensures he doesn't exceed his concessional contribution cap.</p>
<ul style="list-style-type: none"> <li>■ Employer contributions are \$10,000 in 2018–19</li> <li>■ Total superannuation balance on 30 June 2019 is less than \$500,000</li> </ul>	<p>In 2018–19, Kate makes \$10,000 in concessional contributions. This leaves an unused amount of the concessional contribution cap of \$15,000, which Kate can carry forward for up to five years to increase her concessional contribution cap.</p> <p>In 2019–20, in addition to her normal \$25,000 concessional cap, Kate can use the \$15,000 of unused cap from the previous year. Kate's total concessional cap for 2019–20 is \$40,000.</p>

## References

ATOlaw topic(s)	Superannuation -- Income tax - individuals (superannuation) -- Other
Legislative references	<ul style="list-style-type: none"><li>■ <a href="#">LCR 2016/11</a> <i>Superannuation reform: concessional contributions – defined benefit interests and constitutionally protected funds</i></li></ul>
Related Rulings/Determinations	
Case references	
Other references	
ATO references	
BSL	<a href="#">SPR</a>

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