



Superannuation Budget Measures Act 2004

No. 106, 2004

**An Act to amend laws relating to superannuation,
and for related purposes**

Note: An electronic version of this Act is available in SCALEplus
(<http://scaleplus.law.gov.au/html/comact/browse/TOCN.htm>)

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Superannuation Budget Measures Act 2004

No. 106, 2004

An Act to amend laws relating to superannuation, and for related purposes

[Assented to 30 June 2004]

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the *Superannuation Budget Measures Act 2004*.

2 Commencement

This Act commences on the day on which it receives the Royal Assent.

3 Schedule(s)

Each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

Schedule 1—Extension of the Government's superannuation co-contribution

Superannuation (Government Co-contribution for Low Income Earners) Act 2003

1 Subsection 9(1)

Repeal the subsection, substitute:

- (1) The amount of the Government co-contribution in respect of a person for an income year is:
 - (a) for the 2003-04 income year—an amount equal to the sum of the eligible personal superannuation contributions the person makes during the income year; and
 - (b) for the 2004-05 income year or a later income year—an amount equal to 150% of the sum of the eligible personal superannuation contributions the person makes during the income year.

2 Subsection 10(1)

Omit “an income year”, substitute “the 2003-04 income year”.

3 After subsection 10(1)

Insert:

- (1A) The amount of the Government co-contribution in respect of a person for the 2004-05 income year or a later income year must not exceed the maximum amount worked out using the following table:

Maximum Government co-contribution		
Item	Person's total income for the income year	Maximum amount
1	the lower income threshold or less	\$1,500

Maximum Government co-contribution

Item	Person's total income for the income year	Maximum amount
2	more than the lower income threshold but less than the higher income threshold	\$1,500 reduced by 5 cents for each dollar by which the person's total income for the income year exceeds the lower income threshold

4 Subsection 10(2)

Omit "Subsection (1)", substitute "Subsections (1) and (1A)".

5 Subsections 10A(2) and (3)

Repeal the subsections, substitute:

- (2) The *lower income threshold* for an income year is:
- (a) for the 2003-04 income year—\$27,500; or
 - (b) for the 2004-05 income year or a later income year before the 2007-08 income year—\$28,000; or
 - (c) for the 2007-08 income year—\$28,000 multiplied by the indexation factor for that income year; or
 - (d) for a later income year—the amount of the lower income threshold for the previous income year multiplied by the indexation factor for that later income year.
- (3) The *higher income threshold* for an income year is:
- (a) for the 2003-04 income year—\$40,000; or
 - (b) for the 2004-05 income year or a later income year before the 2007-08 income year—\$58,000; or
 - (c) for the 2007-08 income year or a later income year—the sum of:
 - (i) the lower income threshold for that income year; and
 - (ii) \$30,000.

6 Application of amendments

The amendments made by this Schedule apply to the 2004-05 income year and later income years.

Schedule 2—Superannuation surcharge

Part 1—Amendments related to reduction of the surcharge rate

Superannuation Contributions Tax Imposition Act 1997

1 Subsection 5(1AA) (definition of *maximum surcharge percentage*)

Repeal the definition, substitute:

maximum surcharge percentage means:

- (a) for the 2003-2004 financial year—14.5%; and
- (b) for the 2004-2005 financial year—12.5%; and
- (c) for the 2005-2006 financial year and later financial years—10%.

Superannuation Contributions Tax (Members of Constitutionally Protected Superannuation Funds) Imposition Act 1997

2 Subsection 5(1A) (definition of *maximum surcharge percentage*)

Repeal the definition, substitute:

maximum surcharge percentage means:

- (a) for the 2003-2004 financial year—14.5%; and
- (b) for the 2004-2005 financial year—12.5%; and
- (c) for the 2005-2006 financial year and later financial years—10%.

Termination Payments Tax Imposition Act 1997

3 Subsection 5(1AA) (definition of *maximum surcharge percentage*)

Repeal the definition, substitute:

maximum surcharge percentage means:

- (a) for the 2003-2004 financial year—14.5%; and
- (b) for the 2004-2005 financial year—12.5%; and
- (c) for the 2005-2006 financial year and later financial years—10%.

Part 2—Amendments related to reduction of the surcharge cap

Defence Force Retirement and Death Benefits Act 1973

4 Paragraphs 6C(3)(c) and (d)

Repeal the paragraphs, substitute:

- (c) 12.5% of the employer-financed component of any part of the benefits payable to the member that accrued in the 2004-2005 financial year;
- (d) 10% of the employer-financed component of any part of the benefits payable to the member that accrued after 30 June 2005.

Parliamentary Contributory Superannuation Act 1948

5 Paragraphs 4E(3)(c) and (d)

Repeal the paragraphs, substitute:

- (c) 12.5% of the employer-financed component of any part of the benefits payable to the person that accrued in the 2004-2005 financial year;
- (d) 10% of the employer-financed component of any part of the benefits payable to the person that accrued after 30 June 2005.

Superannuation Act 1976

6 Paragraphs 80A(3)(c) and (d)

Repeal the paragraphs, substitute:

- (c) 12.5% of the employer-financed component of any part of the benefits payable to the person that accrued in the 2004-2005 financial year;
- (d) 10% of the employer-financed component of any part of the benefits payable to the person that accrued after 30 June 2005.

Superannuation Contributions Tax (Application to the Commonwealth—Reduction of Benefits) Act 1997

7 Paragraphs 4(2A)(c) and (d)

Repeal the paragraphs, substitute:

- (c) 12.5% of the employer-financed component of any part of the benefits payable to the member that accrued in the 2004-2005 financial year;
- (d) 10% of the employer-financed component of any part of the benefits payable to the member that accrued after 30 June 2005.

Superannuation Contributions Tax (Members of Constitutionally Protected Superannuation Funds) Assessment and Collection Act 1997

8 Subparagraphs 15(6)(b)(iii) and (iv)

Repeal the subparagraphs, substitute:

- (iii) 12.5% of the employer-financed component of any part of the benefits payable to the member that accrued in the 2004-2005 financial year;
- (iv) 10% of the employer-financed component of any part of the benefits payable to the member that accrued after 30 June 2005.

9 Subparagraphs 15(6AA)(d)(iii) and (iv)

Repeal the subparagraphs, substitute:

- (iii) 12.5% of the employer-financed component of any part of the benefits that would have been payable to the member but for the payment split and that accrued in the 2004-2005 financial year;
- (iv) 10% of the employer-financed component of any part of the benefits that would have been payable to the member but for the payment split and that accrued after 30 June 2005.

10 Subparagraphs 15(6A)(b)(iii) and (iv)

Repeal the subparagraphs, substitute:

- (iii) 12.5% of the employer-financed component of any part of the value of the age retirement benefits of the member when the fund ceased to be a constitutionally protected superannuation fund that accrued in the 2004-2005 financial year;
- (iv) 10% of the employer-financed component of any part of the value of the age retirement benefits of the member when the fund ceased to be a constitutionally protected superannuation fund that accrued after 30 June 2005.

Part 3—Application

11 Application of amendments

- (1) The amendments made by Part 1 of this Schedule apply in relation to liability to surcharge in respect of the 2004-05 financial year and later financial years.
 - (2) The amendments made by items 4 to 9 of this Schedule apply in relation to benefits that become payable on or after 1 July 2004.
 - (3) The amendment made by item 10 of this Schedule applies in relation to superannuation funds that cease to be constitutionally protected superannuation funds on or after 1 July 2004.
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*[Minister's second reading speech made in—
House of Representatives on 13 May 2004
Senate on 15 June 2004]*

(74/04)
