



mark trovato
CHARTERED ACCOUNTANTS
Thinking ahead and beyond



[FIRM PROFILE](#) [OUR SERVICES](#) [XERO](#) [CLIENT TOOLS](#) [NEWSLETTERS](#) [CONTACT US](#)

YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWS ARCHIVES](#) > [SUPERANNUATION REFORMS SEPTEMBER 2016](#)

SUPERANNUATION REFORMS

In the May 2016 Federal Budget, the Government announced a package of reforms – much talk was created from these proposals, and the uncertainty remained during the election until resolving the new Senate in recent times.

Following extensive consultation, the Government decided to amend the package late last week.

Three changes announced by the Government (15 September 2016) are :

1. To replace the lifetime non-concessional contributions cap with lower annual caps for non-concessional contributions, only available to people with balances less than \$1.6 million;
2. Defer commencement of carry-forward arrangements for concessional contributions; and
3. Not proceed with measures to increase the flexibility for contributions for people aged 65-74.

The Government will shortly draft a Bill to commence the legislation of these reforms.

Please **contact us** to discuss these proposed changes and their impact.

Consultation

Once legislated, most measures will take effect from 1 July 2017.

The Government released for public consultation the exposure draft legislation and regulations for some superannuation measures announced in the 2016-17 Budget on 7 September 2016.

2016-17 Budget and related changes to the taxation of superannuation include:

Please click on the following links to read more...

- [Introducing a \\$1.6 million superannuation transfer balance cap](#)
- [Reforming the taxation of concessional superannuation contributions](#)
- [Lowering the annual non-concessional contributions cap](#)
- [Introducing the Low Income Superannuation Tax Offset \(LISTO\)](#)
- [Improving access to concessional contributions](#)
- [Allowing catch-up concessional contributions](#)
- [Extending the spouse tax offset](#)
- [Removing barriers to innovation in retirement income stream products](#)
- [Improving the integrity of transition to retirement income streams \(TRIS\)](#)
- [Abolishing the anti-detriment rule](#)

Please do not hesitate to **contact us** to discuss these proposed changes and their impact.



Newsletter Subscription

Keep up to date, subscribe and receive our monthly newsletter.

Name:

Email:



Contact Us

Address:

Suite 2 / 71 Kent St, Busselton

Western Australia 6280

Find us on:  



SUBSCRIBE »

Phone: 08 97544499
Fax: 08 97543444



Email: info@marktrovato.com.au

[Find us on the map](#)

Copyright **Mark Trovato Chartered Accountants** © 2023 | [Disclaimer](#) | [Site Map](#) | [Online software for accountants](#) by Wolters Kluwer
Liability Limited by a scheme approved under Professional Standards legislation



mark trovato
CHARTERED ACCOUNTANTS
Thinking ahead and beyond



[FIRM PROFILE](#) [OUR SERVICES](#) [XERO](#) [CLIENT TOOLS](#) [NEWSLETTERS](#) [CONTACT US](#)

YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWSLETTER ARTICLE LINKS](#) > [SUPERANNUATION REFORMS 2016](#) > [INTRODUCING A \\$1.6 MILLION SUPERANNUATION TRANSFER CAP](#)

Introducing the transfer balance cap

What is it?

- From 1 July 2017, there will be a \$1.6 million transfer balance cap on the total amount of accumulated superannuation an individual can transfer into the tax-free retirement phase. Subsequent earnings on balances in the retirement phase will not be capped or restricted.
- Savings beyond this can remain in an accumulation account (where earnings are taxed at 15 per cent) or outside the superannuation system.
- People already retired will have to bring their retirement phase balances under \$1.6 million before 1 July 2017.
- The transfer balance cap will be indexed and will grow in line with CPI, meaning the cap will be around \$1.7 million in 2020-21.

How does it work?

- Agnes, 62, retires on 1 November 2017. Her accumulated superannuation balance is \$2 million. Agnes can transfer \$1.6 million into a retirement phase account. The remaining \$400,000 can remain in an accumulation account where earnings will be taxed at 15 per cent.
- Alternatively, Agnes may choose to remove all or part of the extra \$400,000 from superannuation.
- Subsequent earnings on balances in the retirement phase will not be capped or restricted. The minimum drawdown will apply.



Newsletter Subscription

Keep up to date, subscribe and receive our monthly newsletter.

Name:

Email:

[SUBSCRIBE »](#)



Contact Us

Address:

Suite 2 / 71 Kent St, Busselton

Western Australia 6280

Phone: 08 97544499

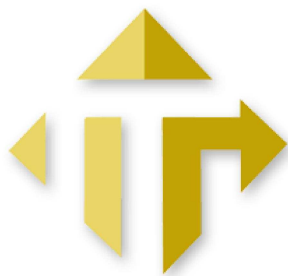
Fax: 08 97543444

Email: info@marktrovato.com.au

[Find us on the map](#)

Find us on: [f](#) [in](#)





mark trovato
CHARTERED ACCOUNTANTS
Thinking ahead and beyond



[FIRM PROFILE](#) [OUR SERVICES](#) [XERO](#) [CLIENT TOOLS](#) [NEWSLETTERS](#) [CONTACT US](#)

YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWSLETTER ARTICLE LINKS](#) > [SUPERANNUATION REFORMS 2016](#) > [REFORMING THE TAXATION OF CONCESSIONAL SUPERANNUATION CONTRIBUTIONS](#)

Reforming the taxation of concessional superannuation contributions

What is it?

- From 1 July 2017, the threshold at which high income earners pay additional contributions tax (Division 293) will be lowered from \$300,000 to \$250,000.
- The Government will also reduce the annual cap on concessional (before-tax) superannuation contributions to \$25,000 (currently \$30,000 under age 50; \$35,000 for ages 50 and over).

How does it work?

- In 2017-18, Madeline earns \$260,000 in salary and wages. In the same year she has concessional superannuation contributions of \$30,000. Madeline's fund will pay 15 per cent tax on these contributions. Madeline will pay an additional 15 per cent tax on \$25,000 of the concessional contributions, resulting in these amounts effectively being taxed at 30 per cent.
- The \$5,000 of contributions in excess of the cap will be treated as income taxed at her marginal rate. Madeline pays \$1,600 income tax on her excess contribution. Madeline can choose to leave this excess in her superannuation (as a non-concessional contribution) or remove it from super.



Newsletter Subscription

Keep up to date, subscribe and receive our monthly newsletter.

Name:

Email:

[SUBSCRIBE »](#)



Contact Us

Address:

Suite 2 / 71 Kent St, Busselton

Western Australia 6280

Phone: 08 97544499

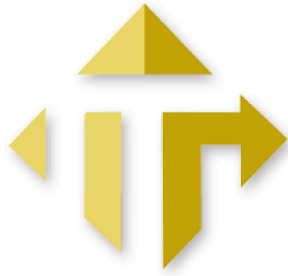
Fax: 08 97543444

Email: info@marktrovato.com.au

[Find us on the map](#)

Find us on: [f](#) [in](#)





mark trovato
CHARTERED ACCOUNTANTS
Thinking ahead and beyond



[FIRM PROFILE](#) [OUR SERVICES](#) [XERO](#) [CLIENT TOOLS](#) [NEWSLETTERS](#) [CONTACT US](#)

YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWSLETTER ARTICLE LINKS](#) > [SUPERANNUATION REFORMS 2016](#) > [LOWERING THE ANNUAL NON-CONCESSIONAL CONTRIBUTIONS CAP](#)

Lowering the annual non-concessional contributions cap

What is it?

- From 1 July 2017, the Government will lower the annual non-concessional contributions cap to \$100,000 and will introduce a new constraint such that individuals with a balance of more than \$1.6 million will no longer be eligible to make non-concessional contributions. As is currently the case, individuals under age 65 will be eligible to bring forward 3 years of non-concessional contributions.
- This is in place of the \$500,000 lifetime non-concessional contributions cap announced in the 2016-17 Budget.

How does it work?

- The \$1.6 million eligibility threshold will be based on an individual's balance as at 30 June the previous year. This means if the individual's balance at the start of the financial year (the contribution year) is more than \$1.6 million they will not be able to make any further non-concessional contributions. Individuals with balances close to \$1.6 million will only be able to access the number of years of bring forward to take their balance up to \$1.6 million.
- Transitional arrangements will apply. If an individual has not fully used their non-concessional bring forward before 1 July 2017, the remaining bring forward amount will be reassessed on 1 July 2017 to reflect the new annual caps.
- Individuals aged between 65 and 74 will be eligible to make annual non-concessional contributions of \$100,000 if they meet the work test (that is they work 40 hours within a 30 day period each income year). As per current arrangements, they will not be able to access the three year bring forward of contributions.



Newsletter Subscription

Keep up to date, subscribe and receive our monthly newsletter.

Name:

Email:

[SUBSCRIBE »](#)



Contact Us

Address:

Suite 2 / 71 Kent St, Busselton

Western Australia 6280

Phone: 08 97544499

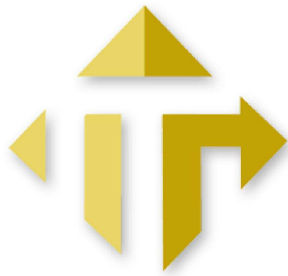
Fax: 08 97543444

Email: info@marktrovato.com.au

[Find us on the map](#)

Find us on: [f](#) [in](#)





mark trovato
CHARTERED ACCOUNTANTS
Thinking ahead and beyond



FIRM PROFILE OUR SERVICES XERO CLIENT TOOLS NEWSLETTERS CONTACT US

YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWSLETTER ARTICLE LINKS](#) > [SUPERANNUATION REFORMS 2016](#) > [INTRODUCING THE LOW INCOME SUPERANNUATION TAX OFFSET LISTO](#)

Introducing the Low Income Superannuation Tax Offset (LISTO)

What is it?

- From 1 July 2017, the Government will replace the Low Income Superannuation Contribution (LISC) with the Low Income Superannuation Tax Offset (LISTO).

How does it work?

- The LISTO effectively refunds the tax paid on concessional contributions by individuals with a taxable income of up to \$37,000 – up to a cap of \$500.
- This avoids the situation where low income earners pay more tax on contributions to superannuation than on their take home pay.
- The amount of the LISTO that an individual is eligible for will be paid into the individual's superannuation account.



Newsletter Subscription

Keep up to date, subscribe and receive our monthly newsletter.

Name:

Email:

[SUBSCRIBE »](#)



Contact Us

Address:

Suite 2 / 71 Kent St, Busselton

Western Australia 6280

Phone: 08 97544499

Fax: 08 97543444

Email: info@marktrovato.com.au

[Find us on the map](#)

Find us on:  





mark trovato
CHARTERED ACCOUNTANTS
Thinking ahead and beyond



[FIRM PROFILE](#) [OUR SERVICES](#) [XERO](#) [CLIENT TOOLS](#) [NEWSLETTERS](#) [CONTACT US](#)

YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWSLETTER ARTICLE LINKS](#) > [SUPERANNUATION REFORMS 2016](#) > [IMPROVING ACCESS TO CONCESSIONAL CONTRIBUTIONS](#)

Improving access to concessional contributions

What is it?

- From 1 July 2017, the Government will allow all individuals under the age of 65, and those aged 65 to 74 who meet the work test, to claim a tax deduction for personal contributions to eligible superannuation funds up to the concessional contributions cap.

How does it work?

- Currently, an income tax deduction for personal superannuation contributions is only available to people who earn less than 10 per cent of their income from salary or wages. This limits the ability for people in certain work arrangements to benefit from concessional contributions to their superannuation. Under the new arrangements, more individuals will be able to make concessional personal contributions up to the annual cap.
- Chris has started his own online merchandise business but continue to work part-time at an accounting firm earning \$10,000 as his business is growing. His business earns \$80,000 in his first year and he would like to contribute \$15,000 of his \$90,000 income to his superannuation. He currently could not claim a tax deduction for any personal contributions. Under the changes, Chris could claim a tax deduction for his \$15,000 of superannuation contributions.

Who is affected?

- This reform will benefit individuals who are partially self-employed and partially wage and salary earners – such as self-employed contractors, individuals employed by small businesses or freelancers – and individuals whose employers do not offer salary sacrifice arrangements.



Newsletter Subscription

Keep up to date, subscribe and receive our monthly newsletter.

Name:

Email:

[SUBSCRIBE »](#)



Contact Us

Address:

Suite 2 / 71 Kent St, Busselton

Western Australia 6280

Phone: 08 97544499

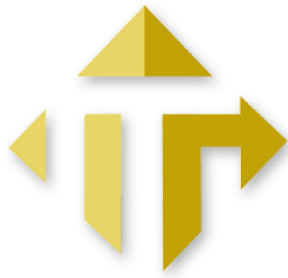
Fax: 08 97543444

Email: info@marktrovato.com.au

[Find us on the map](#)

Find us on: [f](#) [in](#)





mark trovato
CHARTERED ACCOUNTANTS
Thinking ahead and beyond



[FIRM PROFILE](#) [OUR SERVICES](#) [XERO](#) [CLIENT TOOLS](#) [NEWSLETTERS](#) [CONTACT US](#)

YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWSLETTER ARTICLE LINKS](#) > [SUPERANNUATION REFORMS 2016](#) > [ALLOWING CATCH-UP CONCESSIONAL CONTRIBUTIONS](#)

Allowing catch-up concessional contributions

What is it?

- From 1 July 2018, the Government will help people 'catch-up' their superannuation contributions by allowing individuals with account balances of \$500,000 or less to rollover their unused concessional caps (for up to 5 years) to use if they have the capacity and choose to do so.

How does it work?

- Cassandra has a superannuation balance of \$200,000 but did not make any concessional superannuation contributions in 2018-19 as she took time off work to care for her child. In 2019-20 she has the ability to contribute \$50,000 into superannuation (\$25,000 under the annual concessional cap and \$25,000 from her un-used 2018-19 cap which has been rolled-over).

Who is affected?

- In 2019-20, this will help those whose income varies considerably from one year to the next, or who find their circumstances have changed (e.g. mortgage payments or school fees have ceased) and are in a position to increase their contributions to superannuation.
- Individuals aged 65 to 74 who meet the work test will be eligible to access these new arrangements.



Newsletter Subscription

Keep up to date, subscribe and receive our monthly newsletter.

Name:

Email:

[SUBSCRIBE »](#)



Contact Us

Address:

Suite 2 / 71 Kent St, Busselton

Western Australia 6280

Phone: 08 97544499

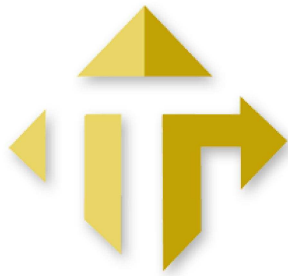
Fax: 08 97543444

Email: info@marktrovato.com.au

[Find us on the map](#)

Find us on: [f](#) [in](#)





mark trovato
CHARTERED ACCOUNTANTS
Thinking ahead and beyond



FIRM PROFILE OUR SERVICES XERO CLIENT TOOLS NEWSLETTERS CONTACT US

YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWSLETTER ARTICLE LINKS](#) > [SUPERANNUATION REFORMS 2016](#) > [EXTENDING THE SPOUSE TAX OFFSET](#)

Extending the spouse tax offset

What is it?

- The Government will make the current spouse tax offset available to more couples so they can support each other in saving for retirement.

How does it work?

- Currently, a tax offset of up to \$540 is available for individuals who make superannuation contributions to their spouses with incomes up to \$10,800. The Government will allow more people to access the offset by extending eligibility to those whose recipient spouses earn up to \$40,000.
- There are no changes to the current aged based contribution rules. The spouse receiving the contribution must be under age 70 and meet a work test if they are aged between 65 to 69.



Newsletter Subscription

Keep up to date, subscribe and receive our monthly newsletter.

Name:

Email:

[SUBSCRIBE »](#)



Contact Us

Address:

Suite 2 / 71 Kent St, Busselton

Western Australia 6280

Phone: 08 97544499

Fax: 08 97543444

Email: info@marktrovato.com.au

[Find us on the map](#)

Find us on:  





mark trovato
CHARTERED ACCOUNTANTS
Thinking ahead and beyond



[FIRM PROFILE](#) [OUR SERVICES](#) [XERO](#) [CLIENT TOOLS](#) [NEWSLETTERS](#) [CONTACT US](#)

YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWSLETTER ARTICLE LINKS](#) > [SUPERANNUATION REFORMS 2016](#) > [REMOVING BARRIERS TO INNOVATION IN RETIREMENT INCOME STREAM PRODUCTS](#)

Removing barriers to innovation in retirement income stream products

What is it?

- From 1 July 2017, the Government will extend the tax exemption on earnings in the retirement phase to products such as deferred lifetime annuities and group self-annuitisation products.

How does it work?

- Extending the tax exemption to deferred or pooled income stream products will encourage providers to offer a wider range of products. This will provide more flexibility and choice for retirees and help them to manage consumption and risk in retirement better – particularly longevity risk, to avoid people outliving their savings.

Who is affected?

- Retirees wanting more flexibility and choice in retirement products will benefit from this change.



Newsletter Subscription

Keep up to date, subscribe and receive our monthly newsletter.

Name:

Email:

[SUBSCRIBE »](#)



Contact Us

Address:

Suite 2 / 71 Kent St, Busselton

Western Australia 6280

Phone: 08 97544499

Fax: 08 97543444

Email: info@marktrovato.com.au

[Find us on the map](#)

Find us on: [f](#) [in](#)





mark trovato
CHARTERED ACCOUNTANTS
Thinking ahead and beyond



[FIRM PROFILE](#) [OUR SERVICES](#) [XERO](#) [CLIENT TOOLS](#) [NEWSLETTERS](#) [CONTACT US](#)

YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWSLETTER ARTICLE LINKS](#) > [SUPERANNUATION REFORMS 2016](#) > [IMPROVING THE INTEGRITY OF TRANSITION TO RETIREMENT INCOME STREAMS](#)

Improving the integrity of transition to retirement income streams

What is it?

- The Government will remove the tax exempt status of income from assets supporting TRIS. These earnings will now be taxed concessionaly at 15 per cent. Individuals will also no longer be allowed to treat certain superannuation income stream payments as a lump sum for tax purposes.
- This will help ensure that TRIS are fit for purpose and not used as a tax minimisation strategy.

How does it work?

- Sebastian is 57 years old and has reduced his working hours. As a result, his earnings fall from \$80,000 to \$60,000. Sebastian commences a TRIS that pays him \$20,000 per year. Currently, Sebastian pays tax on his income (\$60,000) but his superannuation fund pays no tax on the earnings on assets supporting his TRIS. Under the Government's changes, the earnings on Sebastian's superannuation assets supporting TRIS will be taxed at 15 per cent.
- The tax treatment of income streams in the hands of the individual will not be changed. For most individuals this will mean they are tax free, or taxed at the individual's marginal tax rate less a 15 per cent offset.

Who is affected?

- Super Funds with members in TRIS mode.



Newsletter Subscription

Keep up to date, subscribe and receive our monthly newsletter.

Name:

Email:

[SUBSCRIBE »](#)



Contact Us

Address:

Suite 2 / 71 Kent St, Busselton

Western Australia 6280

Phone: 08 97544499

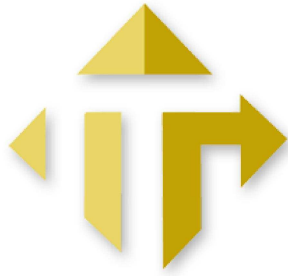
Fax: 08 97543444

Email: info@marktrovato.com.au

[Find us on the map](#)

Find us on: [f](#) [in](#)





mark trovato
CHARTERED ACCOUNTANTS
Thinking ahead and beyond



[FIRM PROFILE](#) [OUR SERVICES](#) [XERO](#) [CLIENT TOOLS](#) [NEWSLETTERS](#) [CONTACT US](#)

YOU ARE HERE: [HOME](#) > [NEWSLETTERS](#) > [NEWSLETTER ARTICLE LINKS](#) > [SUPERANNUATION REFORMS 2016](#) > [ABOLISHING THE ANTI-DETRIMENT RULE](#)

Abolishing the anti-detriment rule

What is it?

- From 1 July 2017, the Government will remove the anti-detriment provision which allows superannuation funds to claim a tax deduction for a portion of the death benefits paid to eligible dependants. This provision is outdated and inconsistent with other parts of the tax law.

How does it work?

- An anti-detriment payment is an amount that can be included when a lump sum death benefit is paid to a dependant. The payment represents a refund of the 15 per cent tax on contributions that has been paid by the deceased member over their lifetime.
- Superannuation funds will no longer be able to claim a tax deduction for anti-detriment payments made to eligible dependants.

Who is affected?

- This change will provide consistent treatment of death benefits across all superannuation funds. Lump sum death benefits paid to eligible dependants will continue to be tax free.



Newsletter Subscription

Keep up to date, subscribe and receive our monthly newsletter.

Name:

Email:

[SUBSCRIBE »](#)



Contact Us

Address:

Suite 2 / 71 Kent St, Busselton

Western Australia 6280

Phone: 08 97544499

Fax: 08 97543444

Email: info@marktrovato.com.au

[Find us on the map](#)

Find us on: [f](#) [in](#)



