

CONTRIBUTIONS INFORMATION SHEET

2025-26 FINANCIAL YEAR

Document provided by

TOWNSENDS BUSINESS & CORPORATE LAWYERS

Tel 02 8296 6222 www.townsendslaw.com.au

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1. Caps & other conditions

This information sheet provides a very basic overview of the restrictions placed on trustees of super funds when accepting contributions from or in respect of members.

The information provided is of a general nature only and should not be relied upon in lieu of specific professional advice. Legislation (including specific cap amounts cited below for the 2025-2026 financial year) may subsequently change.

2. Types of contributions

There are many types of contributions that can be made to super funds by or on behalf of members.

Some examples are:

- (a) employer contributions
- (b) salary sacrifice contributions
- (c) personal contributions for which a member claims a tax deduction
- (d) catch up concessional contributions (but only from 2019/20)
- (e) personal contributions for which a member does not claim a tax deduction
- (f) spouse contributions
- (g) third party contributions
- (h) downsizer contributions
- (i) contributions arising out of personal injury settlements
- (j) contributions arising from CGT small business disposals
- (k) government co-contributions
- (l) shortfall payments from the ATO
- (m) payments received from Superannuation Holding Accounts Special Account.

A trustee must allocate the contribution to a member's account within 28 days after the end of the month in which the trustee receives the contribution.

The majority of contributions fall within one of seven categories, which are generally subject to a limit or “cap” on the amount allocated to each member. These categories are:

- (a) concessional contributions
- (b) catch up concessional contributions (but only from 2019/20);
- (c) non-concessional contributions;
- (d) CGT contributions;
- (e) personal injury contributions;
- (f) downsizer contributions: and
- (g) Government contributions.

There is no cap on either personal injury contributions or on Government contributions.

3. The contribution caps for the 2025-2026 year

Concessional Contributions	\$30,000 per member per financial year
Catch-up Concessional Contributions	Unapplied portion of the 2020/21, 2021/22, 2022/23, 2023/24 and 2024/25 concessional contribution caps can be carried forward to 2025/26 (subject to TSB being less than \$500,000)
Non-concessional Contributions	<p>\$120,000¹ per member per financial year</p> <p>If TSB (as at 30 June 2025) is \$2,000,000 or more then the cap will be zero.</p>
Bring forward contribution caps ²	<p>\$360,000 (if TSB³ is less than \$1,640,000)</p> <p>\$220,000 (if TSB is \$1,640,000 or but less than \$1,880,000)</p> <p>Doesn't apply (if TSB is more than \$1,880,000 or more)</p>
CGT Contributions	\$1,865,000 per member – lifetime cap
Downsizer contribution	\$300,000 per member – lifetime cap
Personal Injury Contributions	No cap applies

¹ Only available if the bring forward rule has not been invoked.

² Only available if member is aged 74 or less at any time during the first year of the bring forward period

³ TSB means total superannuation balance as at 30 June 2025

Government Contributions made under the <i>Superannuation (Government Co-contribution for Low Income Earners) Act 2003</i>	No cap applies
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4. Recent legislative changes

In respect of the 2025/26 financial year the following changes have been introduced compared to previous financial years.

- Bring forward contribution caps – the previous age-related restriction beyond which the “bring forward” of non-concessional contributions could not be triggered was increased from 67 to 75. Now the “bring forward” can be triggered if the member is 74 or less any time in respect of the first year of the bring forward period.
- Downsizer Contributions– the previous age restriction of age 60 before Downsizer Contributions could be made for an individual – has been reduced to age 55
- Work test – previously the work test applied as a precondition for the trustee’s acceptance of contributions (other than compulsory employer contributions or Downsizer Contributions). Now the work test applies as a precondition for claiming a tax deduction for the contribution. The work test applies to ages 67 to 74 and requires (subject to one exception) that the individual in respect of whom the contribution is made has, before the contribution is made, been gainfully employed for 40 or more hours within a period not exceeding 30 consecutive days occurring entirely within the financial year in which the contribution is made. The work test does not apply to compulsory employer contributions and Downsizer Contributions.

5. Downsizer contributions

An individual aged 55 or more may have contributions made for or by them of up to \$300,000 of the proceeds arising from the sale of their current or former principal place of residence. If the contributions are made for them, the contributor must be their spouse.

These contributions will not be subject to the \$2m total superannuation balance requirement and will not be treated as CGT non-concessional contributions.

However, these contributions are still subject to the member’s personal transfer balance cap and if transferred to pension phase, they will count towards the member’s transfer balance cap.

These contributions can only be made if the particular property has been held for 10 or more years, the sale occurs on or after 1 July 2018, and the proceeds are contributed within 90 days of the sale.

A couple who own their own home will each be entitled to \$300,000 limit.

6. Personal contributions

Personal contributions are superannuation contributions an individual makes to a super fund for themselves. Personal contributions are generally treated as non-concessional contributions and are not included in the assessable income of the super fund.

However, to the extent the individual notifies the trustee that they intend to claim and do in fact claim a tax deduction for the contribution, the contribution will be a concessional contribution and included in the assessable income of the super fund.

7. Employer contributions

Employer contributions are superannuation contributions made by an employer of a member, or made by an associate of the employer.

Employer contributions, irrespective of the amount of contribution, are deductible to the employer (or associate) and are treated as concessional contributions and included in the assessable income of the super fund.

8. Third-party contributions

Third-party contributions are superannuation contributions which are not personal or employer contributions.

Generally, all third-party contributions are treated as concessional contributions and are included in the assessable income of the super fund. However, some third-party contributions are not treated as concessional contributions of the member and some are not included in the assessable income of the super fund.

For example:

- (a) Government contributions – are neither included in assessable income of the super fund nor counted for contribution cap purposes – ie neither concessional nor non-concessional contributions.
- (b) Spouse contributions (contributions made by the spouse of the member for the member) – are not included in assessable income of the super fund but treated as non-concessional contributions of the member.
- (c) Child contributions (contributions for a member who is under age 18 at the time of the contribution) – are not treated as assessable contributions but treated as non-concessional contributions. However, if the contribution is made by or on behalf of an employer – is both included in assessable income and treated as a concessional contribution.

- (d) ATO payments in lieu of SG contributions – treated as assessable and as a concessional contribution.
- (e) Contributions made by trustees of complying super funds (ie benefit transfers and rollovers) – not treated as assessable and not counted for contribution cap purposes.

Non-concessional contributions are sometimes called “non-deductible contributions” because the person making the contribution either does not claim or is not entitled to claim a tax deduction.

9. CGT contributions

If a personal contribution arises from a small business CGT concession then the contribution is not included in assessable income but is counted against a separate contribution cap, called the CGT non-concessional contribution cap of the member. The CGT cap is a lifetime contributions cap, the current amount of which is \$1,865,000.

A member's CGT lifetime cap for the current 2025-65 financial year is indexed to \$1,865,000. The cap is indexed annually. If the member makes contributions in excess of this cap, the contributions will be treated as ordinary non-concessional contribution cap.

Broadly, the following contributions may be allocated to the CGT lifetime cap:

- (a) all or some of the capital proceeds arising on the disposal of a CGT asset in relation to which the capital gain is disregarded because of the small business 15-year exemption (see Subdivision 152-B of *Income Tax Assessment Act 1997* (ITAA 97))
- (b) all or some of the capital proceeds arising on the disposal of an asset in relation to which the small business 15-year exemption would have applied but did not because:
 - (i) the asset was a pre-CGT asset; or
 - (ii) there was no capital gain or loss; or
 - (iii) the asset was not held for 15 years because the member became permanently incapacitated.
- (c) up to \$500,000 of capital gains arising on the disposal of a CGT business asset where the capital gain is disregarded under the small business retirement exemption (see section 152-305 of the ITAA 97).

Other contributions, arising from the disposal of CGT assets of trusts or companies in which members had an interest, may also be allocated to the CGT lifetime cap under section 292-100 of the ITAA 97.

It is important that a member discusses with their adviser as to whether the member is entitled to small business tax concessions and whether the contribution can be allocated to the CGT cap.

Generally, the contribution must be made by the end of the financial year in which the gain was made or within 30 days of the gain being made, whichever occurs later. Also, the member must provide the trustee with an ATO form NAT 71161 *Capital Gains Tax Cap Election* either before or when the contribution is

made to the fund. If the member does not give the NAT 71161 to the trustee at that time, the contribution will be allocated to the member's non-concessional contribution cap for that year.

10. Personal injury contributions

Where a contribution (whether made by the member or by their legal personal representative) arises from structured settlements or orders for personal injuries in respect of the member then the contribution is not included in assessable income and is not counted for contribution cap purposes.

11. Other restrictions on accepting contributions

The following restrictions apply in respect of contributions the trustee may accept from or on behalf of a member:

- (a) The trustee must have the tax file number of the member in respect of whom the contribution is made – this test applies to all contributions other than employer contributions made for the member.
- (b) Once a member has reached age 75 at the time the contribution is made, generally only employer contributions can be made for the member where the contribution is required to be made by reason of an industrial law award or to satisfy the employer's obligation to make super guarantee contributions. However an exception applies to Downsizer Contributions.
- (c) The member should be an Australian resident at the time the contribution is made. If the member is not an Australian resident when the contribution is made, the fund will not be a complying super fund unless at least 50% of the interest in the assets of the super fund are held by Australian resident members who are currently actively contributing to the fund.

12. Reporting of contributions in the annual return of the super fund – financial year 2025/26

All contributions received by the fund in a financial year must be reported on the annual return of the fund for that financial year (ATO NAT 71226). However, contributions received during the current financial year and rolled out to another super fund before the end of the current financial year are reported by that other super fund.

Contributions must be correctly reported to the ATO. Reporting is by the SMSF Annual Fund Return. If not, the incorrectly reported contributions will be treated as non-concessional contributions which are subject to the non-concessional contributions cap.

In respect of each Member Information – Section F

- CGT small business retirement exemption contributions must be recorded at Label C.
- CGT small business 15-year exemption contributions must be recorded at Label D.
- Personal injury contributions must be recorded at Label E.
- Downsizer Contributions must be recorded at Label H.

13. Consequences of exceeding contribution caps – financial year 2025/26

Exceeding the concessional contributions cap

If a member exceeds the concessional contributions cap the excess amount will be automatically included by the ATO in the member's assessable income for the financial year in which the excess contribution was made and taxed at their marginal tax rates. The member will be entitled to a tax offset of 15% of the excess amount (the tax offset is not refundable and cannot be carried forward). Additionally, the excess amount will be treated as a non-concessional contribution and may give rise to excess non-concessional contributions.

The member, if they so wish, may instruct the ATO to authorise the release of up to 85% of the excess amount. The released amount must be paid to the ATO and will be used to reduce any tax liability owed by the member with the balance (if any) paid by the ATO to the member. Releasing the excess amount will also reduce the non-concessional contributions amount of the member by 100/85^{ths} of the released amount. Consequently, if the entire excess amount is released, then the previous counting of the excess concessional contributions as non-concessional contribution is reversed.

Excess CGT and Downsizer Contributions

If CGT Contributions are made in excess of the CGT contributions cap, then the excess will be treated as non-concessional contributions and the non-concessional contributions cap will apply to them.

If Downsizer Contributions are made in excess of the Downsizer Contribution cap, then the excess will be treated as non-concessional contributions and the non-concessional contributions cap will apply to them.

Contributions which are claimed to be CGT or Downsizer Contributions (but which do not qualify as CGT or Downsizer Contributions) or which are not correctly identified as CGT or Downsizer contributions will be treated as non-concessional contributions.

Excess non-concessional contributions

If the non-concessional contributions for a financial year (including other types of contributions which are treated as non-concessional contributions) exceeds the relevant non-concessional contributions cap for that financial year, the excess amount will be taxed at 47% and tax liability will be allocated to the member.

In broad terms the member has two choices – the first option is for the member incur the excess contributions tax liability and the second option is to release the excess amount.

First option

Under the first option (incur the excess contributions tax) – the member is liable for tax at 47% on the excess amount with the tax liability being paid by the super fund which will debit the member's super account with the tax liability. The excess amount (less 47% on account of tax) remains in the super system.

Second Option

Under the second option (release the excess amount) – the member requests the ATO to release the excess amount and 85% of the notional earnings on the excess amount (the notional earnings are calculated by a statutory formula). The notional earnings are included in the member's assessable income with a 15% tax rebate (non-refundable).

The ATO will issue a release authority to the fund and the fund will pay the requested release amount to the ATO. The ATO will deduct any tax debt the member owes (such as income tax on the notional earnings) and pay the net amount to the member.

Releasing the excess amount will also reduce the non-concessional contributions amount of the member. Consequently, if the entire excess amount is released, then the total non-concessional contributions will be reduced by the released amount.