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This information is not intended to be used as financial advice

Superannuation Changes, Salary Sacrifice & Concessional Caps

Superannuation Information

- Change to Super Guarantee – 1 July 2021 to 10%
- Concessional Cap – how this works
- Salary sacrifice – explained in simple terms

Super guarantee (SG)

1. currently is 9.5%
2. 1 July 2021 will be 10%

Super concessional cap (available for all ages)

1. Currently is \$25,000
2. 1 July 2021 Change to \$27,500

What is super concessional cap:

1. Concessional Cap is the maximum super value that you and or your employer contribute;
2. Concession cap is including **SG and or Self Contribution** (salary sacrifice or volunteer)
3. **Unused** concessional cap can be carried forward to next financial year
4. Any contribution **within the concession cap** will be tax at 15%, **but**
5. **if your taxable income including super in total is above \$250,000** then you are fall into **Div 293**, under Div 293 ruling your total super for that financial year will be tax as a high margin (**currently is 45%**) not 15%, plus GIC https://www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/?page=4#Division_160_293_tax

Example: A

Your employer contributing to your super is \$8,000 in FY2021

That mean you have **unused concessional cap balance** = \$25,000-\$8,000 = **\$17,000**

So in **FY2022** your super concessional cap will be = \$17,000 + \$27,500 = **\$44,500**

Example: B

Your employer contributing to your super is \$8,000 in FY2021

You have salary sacrifice / self contribution on super is \$10,000

That mean you have unused concession cap balance = \$25000-\$8000-\$10000 = **\$7,000**

So in **FY2022** your super concessional cap will be = \$7,000 + \$27,500 = **\$34,500**

Good about salary sacrifice for super, for:

1. Employer: FBT exemption
2. Employee: you will be tax after super contribution

Example:

Your wage is \$35,000 (GROSS)

You have salary sacrifice for super is \$8,000

W/O Super Salary Sacrifice

\$35,000 - \$18,200 (Threshold free) = \$ 17,000 ---your tax liability = **\$3,182**

With Super Salary Sacrifice

\$3,5000 – \$8,000 -\$18,200 = \$8,000 ---your tax liability = **\$1,391.90** and

the \$8,000 super sacrifice you contributed will be tax at 15% = \$8000 x 15% = **\$1,200**

So, Comparing the tax liability with and without super sacrifice

\$1200 + **1391.90** - **\$3182** = **\$590.10** you save in tax and your super has increase by \$6,800 at the same time

Please feel free to call or email our Practice for assistance with payroll, tax or bookkeeping.

0402 025 107

accounts@theassociates.com.au



KF & Associates Pty Ltd
PO Box 22, Ferny Hills Qld 4055
0402 025 107 kathryn@theassociates.com.au
www.theassociates.com.au

