

Fact sheet



# Claiming tax deductions for contributions



1 April 2021

# Claiming tax deductions for contributions

All our forms and publications are available at [spiritsuper.com.au/forms-resources](https://spiritsuper.com.au/forms-resources) or call us on 1800 005 166 and we'll send you a copy.

↘  
[spiritsuper.com.au](https://spiritsuper.com.au)  
1800 005 166

Any advice given in this fact sheet is provided by Quadrant First Pty Ltd (ABN 78 102 167 877, AFSL 284443) (Quadrant First). Quadrant First is wholly owned by Motor Trades Association of Australia Superannuation Fund Pty. Limited (ABN 14 008 650 628, AFSL 238718), the trustee of Spirit Super (ABN 74 559 365 913). A copy of the *Financial services guide* for Quadrant First is available at [spiritsuper.com.au/financial-services-guide](https://spiritsuper.com.au/financial-services-guide) or by calling us on 1800 005 166.

This fact sheet is for general information only and doesn't take into account your objectives, financial situation or needs. You should assess your financial position, personal objectives and needs before making a decision based on this information.

If you're considering acquiring or continuing to hold a particular financial product, you should obtain the *Product disclosure statement* relating to the product and consider it before making any decision. Spirit Super's *Product disclosure statement* (the *Member guide*) is available at [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds) or by contacting us on 1800 005 166.

Calculations are estimates and are based on the 2020–21 tax rates and super laws.



If you're eligible, you may be able to claim a tax deduction for your personal super contributions in your next income tax return. This could reduce the income tax you need to pay in the relevant financial year.

## What are the effects of claiming a tax deduction?

### Tax on your income

When completing your tax return, you can reduce the amount of tax you need to pay by claiming deductions for certain expenses. Most of these expenses must directly relate to earning your income, but you can also claim for personal super contributions.

Claiming a tax deduction for your personal super contributions doesn't mean that you'll get the money back when you lodge your tax return. Instead, it can reduce your taxable income by the amount claimed, reducing the amount of tax you need to pay.

**For example, if you earned \$50,000 and you had eligible tax deductions of \$500, you'll only pay income tax on \$49,500.**

### Tax on your super

Personal contributions are paid into your super fund as **after-tax** contributions. Contributions tax doesn't apply to after-tax contributions.

However, when you claim a tax deduction for all or part of your personal contribution, the amount claimed converts to a before-tax contribution. Before-tax contributions are subject to contributions tax of 15% when we receive them. If your combined income and **before-tax** contributions exceed \$250,000 a year, you'll pay an extra 15% on either your contributions, or the amount that is over the threshold – whichever amount is lower.

**For example, if you made a personal contribution of \$1,000 and claimed a tax deduction for the full amount, we'd deduct \$150 in contributions tax.**

## Government super incentives

### Low income superannuation tax offset (LISTO)

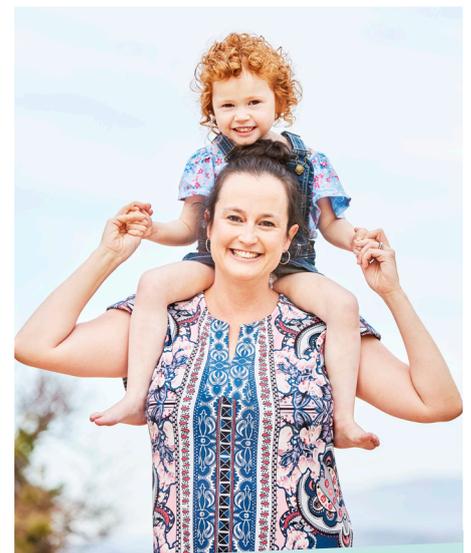
If you claim a tax deduction, you may be eligible for a low income superannuation tax offset (LISTO) on the tax paid on any personal contributions you make, but only if you earn less than \$37,000 in 2020–21. However, you won't also be eligible for a government co-contribution on that amount.

### Co-contribution

If you wish to be considered for a co-contribution, don't claim a tax deduction on all of your personal contributions made in the relevant financial year. Eligibility criteria apply.

For more information read our *Boosting your super with government help* fact sheet.

! **If you're not sure if you should claim a tax deduction for your contribution, try the *MoneySmart Super contributions optimiser* at [moneysmart.gov.au](https://moneysmart.gov.au) or speak to your accountant or tax adviser.**



Anita  
Spirit Super member

## Can I claim a tax deduction?

You may be able to claim a tax deduction if you've:

- made personal contributions to us in the relevant financial year and the funds are still in your account
- met the age requirements
- completed your claim for a tax deduction in the required time frames and we've acknowledged your notice of intent.

You can't claim a tax deduction if:

- the contributions were paid by your employer from your before-tax salary, including salary sacrifice contributions
- you've withdrawn super or transferred your super from one fund to another (including overseas funds)
- you've started a pension account or other super income stream using the contributed funds
- you've split your contributions with your spouse
- your contributions have been withdrawn under early release provisions.

## Age restrictions

If you're under 18 at the end of the financial year in which you made the contribution, you can only claim a deduction if you also earned income as an employee or as a business operator during the financial year you're claiming the deduction in.

If you're aged 67 or over but less than 75, you need to satisfy the work test in order to contribute to super. Refer to our *Super contributions* fact sheet or call us on **1800 005 166** for more information.

If you're 75 or older, you can only claim a deduction for contributions you made to super before the 28th day of the month following the month you turned 75.

## Time restrictions

You must complete your claim for a tax deduction by the earlier of the:

- day you lodge your tax return for the year you made the personal contribution in
- end of the financial year following the one you made the personal contribution in
- day you close your super account or start a pension with us
- day you split contributions you want to make a claim on with your spouse.

### Example:

Sarah contributes \$10,000 on 1 September 2020.

Sarah needs to submit her claim for a tax deduction before she lodges her income tax return for 2020-21, but no later than 30 June 2022.

**!** You need to submit your notice of intent to claim a tax deduction before you withdraw or transfer your super, or split contributions with your spouse.

**Even partial withdrawals and transfers can impact your ability to claim a tax deduction.**

## How does it work?

Most people can claim a tax deduction for personal super contributions.

This may be tax-effective for some, as not only do you grow your super, you generally only pay 15% tax on these contributions, rather than your usual income tax rate.

The table below shows that if you earn over \$18,201 a year, you may benefit from claiming a tax deduction on some or all of your personal contributions.

Income	Tax rate <sup>1</sup> if you receive this as income	Tax rate if you claim your personal contribution as a tax deduction	Potential tax savings
\$0 - \$18,200	0%	15%	Nil
\$18,201 - \$45,000	19%	15%	4%
\$45,001 - \$120,000	32.5%	15%	17.5%
\$120,001 - \$180,000	37%	15%	22%
Above \$180,000	45%	15% <sup>2</sup>	30%

<sup>1</sup>Tax rates for 2020-21 excluding the Medicare levy and personal tax offsets that may apply.

<sup>2</sup>If your combined income and before-tax contributions exceed \$250,000 a year, you'll pay an extra 15% on either your contributions, or the amount that is over the threshold - whichever amount is lower.

When deciding whether to claim a deduction for super contributions, you should consider the super impacts that may arise from this, including whether:

- you'll exceed your contribution caps
- your combined income and before-tax contributions exceed \$250,000 a year
- you wish to split your contributions with your spouse
- it will affect your eligibility for the government super co-contribution.

**!** If you earn less than \$54,837 in 2020-21 you may be eligible for a co-contribution on personal contributions you don't claim a tax deduction for. Use the [MoneySmart Super contributions optimiser](#) at [moneysmart.gov.au](http://moneysmart.gov.au) or speak to your accountant or tax adviser.

# Meet Kate



**\$30,000  
Salary**



**\$1,000  
Contributions**



**Eligible for  
the co-contribution**

**Kate earns \$30,000 each year.**

She decides to make a personal super contribution of \$1,000 from her savings.

Kate is eligible for a co-contribution on personal contributions she doesn't claim a tax deduction for.

## Should Kate claim a tax deduction?

### Impact on income tax

	No deduction claimed	Deduction claimed
Annual income	\$30,000	\$30,000
Tax deduction for contribution	-	(\$1,000)
<b>Taxable income</b>	<b>\$30,000</b>	<b>\$29,000</b>
<b>Total tax<sup>3</sup></b>	<b>(\$1,887)</b>	<b>(\$1,677)</b>

**Tax saving  
\$210**

### Impact on super balance

	No deduction claimed	Deduction claimed
Personal contribution – no tax-deduction claimed	\$1,000	-
Co-contribution	\$500	-
Tax-deductible personal contribution	-	\$1,000
Contributions tax	-	(\$150)
Low income super tax offset	-	\$150
<b>Increase to super balance<sup>4</sup></b>	<b>\$1,500</b>	<b>\$1,000</b>

**Co-contribution  
\$500**

<sup>3</sup>Includes the Medicare levy, low and middle income tax offset and low income tax offset.

<sup>4</sup>Kate also receives super guarantee contributions from her employer.

## Result

Kate is better off **not** claiming a tax deduction for her contribution. The **\$500** boost to her super from maximising the co-contribution outweighs the possible income tax saving of **\$210**.

**For more information, please visit [spiritsuper.com.au](https://spiritsuper.com.au).  
You can also call us on [1800 005 166](tel:1800005166). We're here to help.**

# Meet Max



**\$45,000  
Salary**



**\$5,000  
Contributions**



**Eligible for  
the co-contribution**

## Max earns \$45,000 each year.

He decides to make a personal super contribution of \$5,000 from his savings.

Max is eligible for a co-contribution if he doesn't claim a tax deduction for the full \$5,000.

## How can Max reduce his income tax and still get a co-contribution?

### Impact on income tax

	No deduction claimed	Deduction claimed
Annual income	\$45,000	\$45,000
Tax deduction for contribution	-	(\$4,344)
<b>Taxable income</b>	<b>\$45,000</b>	<b>\$40,656</b>
<b>Total tax<sup>5</sup></b>	<b>(\$4,812)</b>	<b>(\$4,034)</b>

**Tax saving  
\$778**

### Impact on super balance

	No deduction claimed	Deduction claimed
Personal contribution – no tax-deduction claimed	\$5,000	\$656
Co-contribution	\$328	\$328
Tax-deductible personal contribution	-	\$4,344
Contributions tax	-	(\$652)
<b>Increase to super balance<sup>6</sup></b>	<b>\$5,328</b>	<b>\$4,676</b>

**Co-contribution  
\$328**

<sup>5</sup>Includes the Medicare levy, low and middle income tax offset and low income tax offset.

<sup>6</sup>Max also receives super guarantee contributions from his employer.

## Result

Max claimed a tax deduction for **\$4,344** of his \$5,000 contribution. This way he received a partial co-contribution of **\$328** and reduced his tax bill by **\$778**.

**For more information, please visit [spiritsuper.com.au](http://spiritsuper.com.au).  
You can also call us on **1800 005 166**. We're here to help.**

# Meet Louise



**\$90,000  
Salary**



**\$100,000  
Personal contribution**



**Eligible for  
the co-contribution**

## Louise earns \$90,000 each year.

Louise receives an inheritance and decides to contribute \$100,000 to super. She isn't eligible for the co-contribution, but she may benefit from claiming a tax deduction for part of the contribution.

Louise needs to make sure that she doesn't exceed the concessional contributions cap. This is \$25,000 in 2020-21 and includes the 9.5% super guarantee contributions paid by her employer.

**!** Louise needs to make sure she doesn't go over the \$25,000 concessional contribution cap.

### Impact on income tax

	No deduction claimed	Deduction claimed
Annual income	\$90,000	\$90,000
Tax deduction for contribution	-	(\$16,450)
<b>Taxable income</b>	<b>\$90,000</b>	<b>\$73,550</b>
<b>Total tax<sup>7</sup></b>	<b>(\$20,437)</b>	<b>(\$14,762)</b>

**Tax saving  
\$5,675**

### Impact on super balance

	No deduction claimed	Deduction claimed
Personal contribution – no tax-deduction claimed	\$100,000	\$83,550
Tax-deductible personal contribution	-	\$16,450
Super guarantee contributions	\$8,550	\$8,550
Contributions tax	(\$1,283)	(\$3,750)
<b>Increase to super balance</b>	<b>\$107,267</b>	<b>\$104,800</b>

**Tax deduction  
claimed  
\$16,450**

<sup>7</sup>Includes the Medicare levy, low and middle income tax offset and low income tax offset.

## Result

Louise claimed a tax deduction for **\$16,450** of her \$100,000 contribution. This reduces her income tax without exceeding either the concessional or non-concessional contribution caps.

**For more information, please visit [spiritsuper.com.au](https://spiritsuper.com.au).  
You can also call us on **1800 005 166**. We're here to help.**



## How to claim a tax deduction.

Once you've made a personal contribution, you'll need to complete three simple steps.

### 1. Submit a claim for a tax deduction to Spirit Super

You can do this:

- in **Member Online**. Make sure we have your mobile number as you'll need this to complete your claim online. You can't claim amounts higher than the before-tax cap in **Member Online**
- by completing the *Notice of intent to claim or vary a deduction for personal super contributions* form available at [ato.gov.au](http://ato.gov.au)
- by calling us on **1800 005 166**.

### 2. Keep the confirmation we'll send you

You can't claim a tax deduction for your personal contributions unless you've received a written acknowledgement from your super fund, and you'll need to keep this with your tax records.

We'll update your contributions and deduct the necessary contributions tax.

### 3. Submit your tax return

You'll need to state the amount you want to claim as a tax deduction in your tax return.

If you plan to claim a tax deduction, you should complete your claim as soon as you can so that your tax return isn't delayed.

## How much can I claim?

You can claim a deduction for all of your personal contributions made in a financial year, but there are caps on how much you can contribute to super before you pay extra tax.

Any contributions you successfully claim a tax deduction for will be counted towards your concessional (before-tax) caps.

Refer to our *Super contributions* fact sheet or call us on **1800 005 166** for more information.

If you've made personal contributions to more than one super fund, you'll need to submit a separate notice of intent to each fund. Your claim at each super fund is limited to the amount of eligible contributions you've made to that fund.

## Can I change the amount I wish to claim as a tax deduction?

Yes. You can do this in **Member Online**, by calling us on **1800 005 166** or using the *Notice of intent to claim or vary a deduction for personal super contributions* form. If you want to:

#### • **cancel a claim**

You can't cancel a claim, but you can reduce your claim amount to zero (\$0.00). You can do this in **Member Online**, by calling us or using the form.

#### • **reduce your claim amount**

You'll need to submit a new claim for the reduced amount. You can do this in **Member Online**, by calling us or using the form. If you're using the form, make sure you complete the *Variation of previous valid notice of intent* section.

#### • **increase your claim amount**

You can increase your claim amount in **Member Online** or by calling us. The new amount will override any previous nomination you've made on all of your personal contributions in the relevant financial year. If you complete the form, you'll need to submit a new form for the additional amount you want to claim only i.e. your original paper-based claim will remain in force.

If you change your claim, make sure that it's received and acknowledged by us in the required time frames – see *Time restrictions* for more information.

## Need advice?

Making personal contributions to claim a tax deduction may be a good idea, depending on your circumstances.

For more information about claiming a tax deduction for your contributions, you can contact the Australian Taxation Office on **13 10 20**, and you should speak to your accountant or tax adviser before proceeding.

We can provide you with general and intra-fund advice on your Spirit Super account at no extra cost.

If you need comprehensive advice, you can meet with a Spirit Super financial planner. Our planners have set fees for comprehensive advice. Spirit Super advisers and financial planners are representatives of Quadrant First.

**For more information, please visit [spiritsuper.com.au](http://spiritsuper.com.au).  
You can also call us on **1800 005 166**. We're here to help.**

—  
1800 005 166  
info@spiritsuper.com.au  
spiritsuper.com.au

PO Box 1547  
Hobart TAS 7001

