

SENATE STANDING COMMITTEE ON ECONOMICS QUESTION
(Supplementary Budget Estimates 20 October – 21 October)

Question: SBT 81

Topic: Excess Contributions Tax

Senator Bushby asked:

1. How many Australians have incurred excess contributions tax last financial year? And in each of the two preceding financial years?
2. Does the Commissioner agree that many of these transgressions are inadvertent, because of the reduction of the superannuation caps?
3. In how many of these cases has the Commissioner exercised discretion and waived the tax?

Answer:

1. For the 2007-08 financial year, approximately 40,000 individuals appear to have exceeded the contributions caps.

For the 2008-09 financial year, approximately 30,000 individuals appear to have exceeded the contributions caps.

The ATO does not yet have all of the information needed to identify the number of people who have exceeded the 2009-10 caps, and has not issued any assessments for that year.

2. ATO experience in relation to years earlier than 2009-10 is that error, including inadvertence, by the individual or their adviser is a relatively common cause of excess contributions.

3. The ATO is yet to issue any assessments for the 2009-10 financial year. Therefore, there has been no application of the Commissioner's discretion to disregard or reallocate contributions.

In relation to earlier years, some 525 specific applications for use of the discretion have been made and 66 have been successful.

However objections and amendment requests can also change liability. Such cases more usually involve changed information/data, although they may involve use of the discretion. At this stage approximately 6-8% of assessments are progressed to some form of review action, and approximately 30% of these are successful.