

Morton, Sue (SEN)

From: Bryant, Jason [Jason.Bryant@ato.gov.au]
Sent: Monday, 19 August 2002 2:43 PM
To: 'super.sen@aph.gov.au'
Cc: East, Lesley
Subject: Superannuation and Standards of Living in Retirement



Current Thresholds and
Limits ...

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Dear Sue,

I would like to apologise for the delay in responding to your letter dated 24 May 2002. As discussed with you attached are the current thresholds and limits required to update the super taxing information paper.

The balance of the information you have requested (letters dated 24 May and 24 July) I will hopefully send to you within the next five working days. In regard to examples of the application of the superannuation tax arrangements we have arranged a meeting with Peter Downes to work through the issues.

Again, I apologise for the delay and an inconvenience this may have caused. If you have any questions please do not hesitate to call me on 62168233.

Regards
Jason Bryant
ATO Superannuation

<<Current Thresholds and Limits Relating to Superannuation.doc>>

CURRENT THRESHOLDS AND LIMITS RELATING TO SUPERANNUATION

In accordance with the *Income Tax Assessment Act 1936* (the Act), *Superannuation Guarantee (Administration) Act 1992* (SGAA), the *Superannuation Contributions Tax Imposition Act 1997* (SCTIA), the *Termination Payments Tax Imposition Act 1997* (TPTIA) and the *Termination Payments Tax (Assessment and Collection) Act 1997* (TPT(AC)A) there are a number of thresholds and limits that require indexation each year by movements in full-time adult Average Weekly Ordinary Time Earnings (AWOTE).

The AWOTE amount is an estimate by the Australian Statistician of the full-time adult average weekly ordinary time earnings for persons in Australia. The estimate for February 2002 was \$860.50 and the estimate for February 2001 was \$810.60. This produces an indexation factor of 1.062.

This factor is applied against the 2001-2002 thresholds and limits. The new thresholds and limits that apply from 1 July 2002 are set out below.

Bona Fide Redundancy Tax Free Amounts

For the purposes of subsection 27A(20) of the Act, the **tax free amounts** of a bona fide redundancy payment or of an approved early retirement scheme payment are:

	2002/03	2001/02
Base Limit	\$5,623	\$5,295
Per completed year of service	\$2,812	\$2,648

Source: *Taxation Determination 2002/11*

SG Maximum Contributions Base

For purposes of the SGAA the maximum contribution's base for a contribution period is:

2002/03	\$29220	2001/02	\$27510
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Source: *Superannuation Guarantee Determination 2002/1*

Age Based Deduction Limits

For the purposes of subsections 82AAC(2B) and 82AAT(2B) of the Act, the **age based deduction limits** for superannuation contributions by employers and eligible persons are:

	2002/03	2001/02
Under age 35	\$12,651	\$11,912
Age 35 to 49	\$35,138	\$33,087
Age 50 and over	\$87,141	\$82,054

Source: *Taxation Determination 2002/11*

Reasonable Benefit Limits

For the purposes of subsection 140ZD(3) of the Act, the **RBL limits** are:

	2002/03	2001/02
Lump Sum RBL	\$562,195	\$529,373
Pension RBL	\$1,124,384	\$1,058,742

Source: *Taxation Determination 2002/11*

Upper Limit for Tax on Lump Sum ETP Payments

The **upper limit for determining the residual amount** for the purposes of section 159SG of the Act, i.e., the threshold on the post-June 1983 component of an ETP is:

2002/03	\$112,405	2001/02	\$105,843
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Source: *Taxation Determination 2002/11*

Surcharge Limits

A superannuation contribution surcharge of up to 15% is levied on the surchargeable contributions of a member whose adjusted taxable income exceeds the surcharge threshold. Under section 6 of the TPTIA the surcharge thresholds for the following financial years are:

	2002/03	2001/02
Denominator	\$1,295	\$1,219
Lower threshold limit	\$90,527	\$85,242.
Upper threshold limit	\$109,924	\$103,507

Source: *Superannuation Contribution Determination 2002/4*

Surcharge Contributions Threshold for Pre-7 May 1997 Members and TFN Not Known

Under subsection 6(1) of the SCTIA, the surcharge thresholds for the following financial years are:

2002/03	\$3,880	2001/02	\$3,248.
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Source: *Superannuation Contribution Determination 2002/4*

INCOME TAXATION OF SUPERANNUATION FUNDS

The rates of tax payable by superannuation funds, RSA's, ADF's and PST are shown below:

Complying superannuation fund assessable income	Tax rate 15%
Complying superannuation fund special income	Tax rate 47%
Non complying superannuation fund	Tax rate 47%
Complying ADF assessable income	Tax rate 15%
Complying ADF special income	Tax rate 47%
Non complying ADF	Tax rate 47%
PST assessable income	Tax rate 15%

PST special income

Tax rate 47%

RSA providers other than life companies

-standard component of taxable income

Tax rate 30%

-RSA component of taxable income

Tax rate 15%

Source: *Australian Master Tax Guide 2002*, 33rd ED, CCH, 2002.