

What is Division 293 tax?

Division 293 tax is an additional 15% tax levied on concessional superannuation contributions raising the level of tax payable on the contributions from 15% to 30%.

It applies to taxpayers with income (for Division 293 purposes) over \$250,000. This has decreased from prior years meaning that more taxpayers are now subject to the additional tax.

Division 293 tax is levied to help balance the benefit of contributing to superannuation for all income earning individuals.

Details of the components included in the income for Division 293 can be found on the ATO website

<https://www.ato.gov.au/individuals/super/in-detail/growing-your-super/division-293-tax---information-for-individuals/?page=2#Income>

If you are over the \$250,000 threshold and have made concessional contributions to superannuation on which additional tax is required, the ATO will send you out a letter to notify you.

This letter is called an **Additional tax on concessional contributions (Division 293) notice**.

What to do if you disagree with the notice

If you believe that the details shown on the letter are incorrect then action should be taken as soon as possible to rectify the situation as the debt is the same as other tax debts and will incur interest charges if left outstanding past the due date.

If you believe that your income is reported incorrectly – review your final tax return and let us know. The information is fed directly to the ATO from your relevant year tax return.

If you believe that your superannuation contribution is reported incorrectly – contact your super fund to correct it with the ATO then advise the ATO that it will be changed.

Further Information



More detailed information on Division 293 tax can be found on the ATO website

<https://www.ato.gov.au/individuals/super/in-detail/growing-your-super/division-293-tax---information-for-individuals/>

Payment of Division 293 tax

The notice for Division 293 Tax will advise how much is payable and how the amount has been calculated.

Non - Defined Benefit Super Fund

If you are **not with a defined benefit super fund**, then you will need to pay for the Division 293 tax. The outstanding amount is shown on your Notice of additional tax on concessional contributions (Division 293) notice.

You have two choices as to how to pay for this tax

Pay from your own funds

OR

Request the money to be released from your superannuation fund to pay the debt through MyGov. (The deadline for doing this is shown on the notice)

For further information see https://www.ato.gov.au/individuals/super/in-detail/growing-your-super/division-293-tax---information-for-individuals/?page=4#How_to_pay

Releasing the money from your superannuation fund will reduce the funds held in the account. As superannuation is a concessional tax environment this may not be beneficial for you, particularly as lower contribution caps mean that it is more difficult to move money into your super fund. If you have the funds available outside of superannuation, then it may be worth paying the debt from these funds.

Defined Benefit Super Fund

If you are **with a defined benefit superannuation fund**, then the tax debt is automatically deferred until a benefit is paid from your defined benefit fund.

Note that any debts that are not paid by 30 June each year will incur interest charges.

Interest rates can be found here <https://www.ato.gov.au/rates/key-superannuation-rates-and-thresholds/?anchor=Division293tax#Division293tax> they are based on the 10 year average Treasury bond rate

You **may** choose to voluntarily pay your Division 293 debt when you have a defined benefit superannuation fund. You have two choices if you choose to pay this tax

Pay from your own funds

OR

Request the money to be released from any of your existing superannuation accounts.

Note that most defined benefit funds will not be able to release funds for you. Please check with your fund before completing the election form. Money can be released from other superannuation accounts if they are available.

For further details on defined benefit members and Div 293 tax see <https://www.ato.gov.au/individuals/super/in-detail/growing-your-super/division-293-tax---information-for-individuals/?anchor=Voluntarilypay#Voluntarilypay>