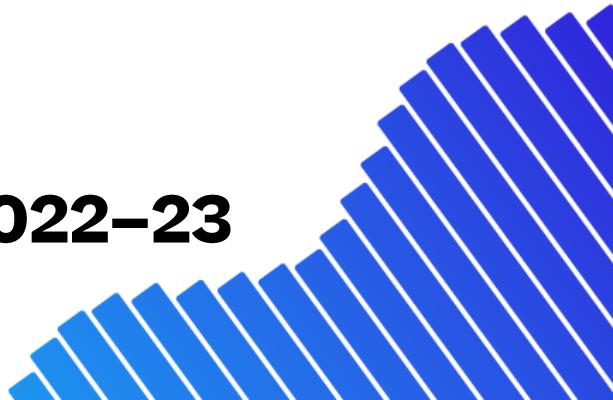


Ready Reckoner: Superannuation caps 2022–23

Written by The Tax Institute's Tax Policy and Advocacy Team

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Superannuation caps and thresholds

From 1 July 2022, a range of superannuation caps and thresholds increased due to indexation. While the uplifts in the caps and thresholds are welcome, they will be accompanied by increased complexity as practitioners and taxpayers navigate the impact of the changes.

Legislative references:

- *Income Tax Assessment Act 1997 (ITAA 1997)*
- *Superannuation Guarantee Administration Act 1992 (SGAA)*
- *Superannuation Industry (Supervision) Regulations 1994 (SISR)*

Table 1: Contributions caps and thresholds

Contributions caps and thresholds	2021-22	2022-23
Concessional contributions (CC) cap ¹	\$27,500	\$27,500
General non-concessional contributions (NCC) cap ²	\$110,000	\$110,000
General NCC cap under 3-year bring forward rule ³ (see Table 2)	\$330,000	\$330,000
Carry forward of unused concessional contributions – total superannuation balance (TSB) just before the start of the financial year ⁴	< \$500,000	< \$500,000
CGT cap amount ⁵	\$1,615,000	\$1,650,000

¹ Section 291-20(2) of the ITAA 1997.

² Section 292-85(2)(a). The general non-concessional contributions cap is set at four times the concessional contributions cap.

³ Section 292-85(3) of the ITAA 1997.

⁴ Section 291-20 of the ITAA 1997.

⁵ Section 292-105 of the ITAA 1997.

Contributions caps and thresholds	2021-22	2022-23
Division 293 tax threshold ⁶	\$250,000	\$250,000
Government co-contribution ⁷ :		
● Maximum amount	\$500	\$500
● Lower income threshold	\$41,112	\$42,016
● Higher income threshold	\$56,112	\$57,016
Low income superannuation tax offset ⁷ where adjusted taxable income does not exceed \$37,000	Up to \$500	Up to \$500
Work test exemption for those aged 67–74 (only in their first year of retirement) – based on TSB of individual at the end of the previous financial year ⁸	\$300,000	\$300,000 ⁹

Table 2: Bring forward rule (non-concessional contributions)

Bring forward period: 2020–21 to 2022–23 Total superannuation balance on 30 June 2020	NCC cap for 2020–21 (first year)	Maximum bring forward period
Less than \$1.4 million	\$300,000	3 years
\$1.4 million to less than \$1.5 million	\$200,000	2 years
\$1.5 million to less than \$1.6 million	\$100,000	No bring forward period – general NCC cap applies
\$1.6 million or more	Nil	Not applicable

⁶ Section 293-20 of the ITAA 1997.

⁷ See the *Superannuation (Government Co-contribution for Low Income Earners) Act 2003*.

⁸ Regulations 7.04(1A) of the SISR.

⁹ From 1 July 2022, if you are under 75 years of age, you no longer need to meet the work test to make or receive non-concessional contributions and salary sacrifice contributions. This threshold does, however, continue to apply to those aged 67–74 in their first year of retirement who have a TSB of less than \$300,000 at the end of the previous financial year who want to make a personal deductible contribution.

Bring forward period: 2021–22 to 2023–24 Total superannuation balance on 30 June 2021	NCC cap for 2021–22 (first year)	Maximum bring forward period
Less than \$1.48 million	\$330,000	3 years
\$1.48 million to less than \$1.59 million	\$220,000	2 years
\$1.59 million to less than \$1.7 million	\$110,000	No bring forward period – general NCC cap applies
\$1.7 million or more	Nil	Not applicable

Points to note – bring forward rule

1. An individual will trigger the bring forward rule for a financial year (the **first year**) if:¹⁰
 - their non-concessional contributions for the first year exceed the general NCC cap;
 - their TSB immediately before the start of the first year does not exceed the general transfer balance cap (TBC);
 - they are under 75 years at any time in the first year (see **Note 3** below);
 - they have not already triggered the bring forward rule in either one of the previous two financial years before the first year; and
 - the difference (the **first year gap space**) between the general TBC for the first year and their TSB immediately before the start of the first year exceeds the general NCC cap for the first year.
2. The [Treasury Laws Amendment \(More Flexible Superannuation\) Act 2021](#) extended the bring forward rule by enabling individuals aged 65 and 66 to make up to three years of NCC under the bring forward rule. The measure applies to contributions made on or after 1 July 2020. Prior to 1 July 2020, the bring forward rule was available only to those individuals aged under 65 years at any time in a financial year.
3. The [Treasury Laws Amendment \(Enhancing Superannuation Outcomes For Australians and Helping Australian Businesses Invest\) Act 2022](#) further extended the bring forward rule. For contributions made on or after 1 July 2022, an individual who is aged less than 75 years at any time in a financial year may be able to make non-concessional contributions of up to three times the annual non-concessional cap in that financial year. If they are aged 75 years or older, the fund may be able to accept only mandated employer contributions and downsizer contributions.

¹⁰ Section 292-85(3) of the ITAA 1997.

4. The bring forward rule is subject to the individual's TSB on 30 June of the previous financial year. If an individual is aged 75 years or older on 1 July of the financial year (from 1 July 2022), they cannot access the bring forward rule.
5. Once the bring forward arrangement is triggered in a year, any change to the NCC cap for the bring forward period does not apply. The bring forward cap amount is set based on the cap in the first year of the bring forward period.

While the NCC cap in the second and third year of a bring forward period started in 2019–20 or 2020–21 will change to \$110,000 due to indexation, that individual's NCC cap will still be **\$300,000** ($\$100,000 \times 3$ years) and does **not increase** to:

- \$310,000 ($\$100,000 + \$100,000 + \$110,000$); or
- \$320,000 ($\$100,000 + \$110,000 + \$110,000$).

Table 3: Transfer balance cap

Transfer balance cap	2021-22	2022-23
General transfer balance cap ¹¹	\$1,700,000	\$1,700,000
Defined benefit income cap ¹²	\$106,250	\$106,250

Table 4: Superannuation guarantee charge

Superannuation guarantee charge	2021-22	2022-23
Charge percentage	10%	10.50% ¹³
Maximum contribution base per quarter ¹⁴	\$58,920	\$60,220
Annual equivalent	\$235,680	\$240,880
SG amount per annum	\$23,568	\$25,292.40
Monthly salary and wage threshold ¹⁵	\$450 ¹⁶	N/A

¹¹ Section 394-35(3) of the ITAA 1997.

¹² Section 303-4(1) of the ITAA 1997. The defined benefit income cap is set by dividing the general transfer balance cap by 16.

¹³ Legislated to increase to 11% on 1 July 2023; 11.5% on 1 July 2024; and 12% from 1 July 2025 onwards.

¹⁴ Section 15 and s 19(4) of the SGAA.

¹⁵ Section 27(2) of the SGAA.

¹⁶ The \$450 monthly income threshold, below which employees did not have to be paid the superannuation guarantee by their employer, was removed from 1 July 2022. This measure was given effect by Schedule 1 to the [Treasury Laws Amendment \(Enhancing Superannuation Outcomes For Australians and Helping Australian Businesses Invest\) Act 2021](#), which received Royal Assent as Act No. 12 of 2022.

Table 5: Benefit payments

Benefit payments	2021-22	2022-23
Minimum annual drawdowns for a superannuation income stream (pension)¹⁷		
Age of beneficiary in years Standard drawdown rate	Legislated¹⁸	Legislated¹⁹
Under 65	4%	2%
65-74	5%	2.5%
75-79	6%	3%
80-84	7%	3.5%
85-89	9%	4.5%
90-94	11%	5.5%
95+	14%	7%
Low rate cap amount ²⁰	\$225,000	\$230,000
Untaxed plan cap amount ²¹	\$1,615,000	\$1,650,000

¹⁷ Schedule 7 to the SISR.

¹⁸ As part of the response to the COVID-19 pandemic, the Government responded immediately and reduced the superannuation minimum drawdown rates by 50% for the 2019–20 and 2020–21 financial years. The changes were made by Schedule 10 to the [Coronavirus Economic Response Package Omnibus Act 2020](#) which received Royal Assent as Act No. 22 of 2020.

The [Superannuation Legislation Amendment \(Superannuation Drawdown\) Regulations 2021](#) amended the SISR to give effect to the measure announced on 29 May 2021 to extend the temporary reduction in minimum payment amounts for account-based pensions by half for the 2021–22 financial year. This measure extended to 30 June 2022 the Government's response to the Coronavirus pandemic made for the 2019–20 and 2020–21 financial years.

¹⁹ The [Superannuation Legislation Amendment \(Superannuation Drawdown\) Regulations 2022](#) amend the SISR to give effect to the Federal Budget 2022–23 measure to extend the temporary reduction in minimum payment amounts for account based pensions by half for the 2022–23 financial year. This measure is in response to ongoing financial market volatility and extends to 30 June 2023 the Government's earlier response to the COVID-19 pandemic made for the 2019–20, 2020–21 and 2021–22 financial years.

²⁰ Section 307-345 of the ITAA 1997. The low rate cap amount is the limit set on the amount of taxable components (taxed and untaxed elements) of a superannuation lump sum payment that can receive a lower (or nil) rate of tax. It applies to members that have reached their preservation age but are aged less than 60 years. It is a lifetime cap that is reduced by any amount previously applied to the low rate threshold.

²¹ Section 307-350 of the ITAA 1997.

Benefit payments	2021-22	2022-23
Disregarded small fund assets (prohibited from using segregation rule for tax purposes) – where the TSB of the individual just before the start of the financial year exceeds: ²²	\$1,600,000	\$1,600,000
Preservation age²³		
Date of birth:		Preservation age
Before 1 July 1960		55
1 July 1960 – 30 June 1961		56
1 July 1961 – 30 June 1962		57
1 July 1962 – 30 June 1963		58
1 July 1963 – 30 June 1964		59
From 1 July 1964		60

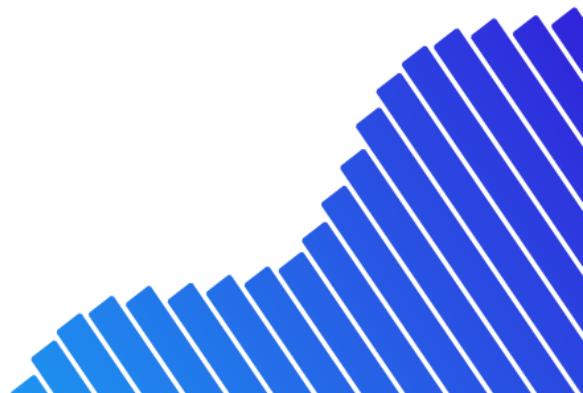
Further guidance and information

Further guidance and information is available from the [ATO website](#).

If you have any specific concerns that have not been outlined above, please email taxpolicy@taxinstitute.com.au.

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²² Section 295-387 of the ITAA 1997.

²³ Regulation 6.01(1) of the SISR.