

# Superannuation for the self-employed

Being self-employed you will have to provide for your own superannuation. And when you make a contribution, you will have to decide if you're going to claim it as a tax deduction, or not, which has major tax implications for your super.

## Non-concessional contributions

- These are contributions made personally by you, which you do not claim as a tax deduction.
- Because you do not claim a tax deduction on these contributions you do not have to pay 15% contributions tax.
- On withdrawal there is no tax payable on the contribution amount even if you are under 60 years of age. The withdrawal can be made in the form of a lump sum (having met a condition of release) or as income from a pension or annuity.
- These tax-free contributions are limited to \$150,000 for each person each year. If you are under 65 years of age, you can also average the contributions over three years so you can add \$450,000 in the first year, but then cannot make further contributions for the next two years. Contributions exceeding these caps will be subject to tax.

## Concessional contributions

You can claim a tax deduction for your concessional contributions.

To be classified as self-employed for tax purposes, at least 90% of your assessable income must come from non-wage or non-salary sources (ie. not an employer).

There are limits to the amount of contributions a self-employed person can make to superannuation and claim a tax deduction. For the 2009/2010 financial year, the limit is \$25,000 a year (unless you are over age 50 in which case the limit is \$50,000 a year till 30<sup>th</sup> June 2012). Amounts exceeding these limits are subject to additional tax and will also count toward your Non-Concessional Contributions Cap (NCCC).

These contributions are 100% tax deductible. When making the contribution to your superannuation fund, they must be notified that you will be claiming a tax deduction.

## Spouse contributions

- You can make contributions to superannuation on behalf of a spouse.
- The receiving spouse should be under age 65 (no employment requirement) or aged 65-69 and gainfully employed on at least a part time basis.
- You can be any age.
- The contribution should be made to a complying superannuation fund.
- You both must be Australian residents.
- You have to be an Australian tax payer.
- There is a limit of \$150,000 on the amount you can contribute.
- The contributions are treated as 'non-concessional' and are preserved to the receiving spouse's preservation age.

You can claim a tax offset for contributions up to \$3,000. You get the maximum offset of \$540 (18% of \$3,000) if your spouse earns under \$10,800 but they can earn up to \$13,800 to get part of the tax offset.

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**Any questions? Call 1800 046 166 or visit: [www.moneysolutions.com.au](http://www.moneysolutions.com.au)**