

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June 2010

Question: **BET 416**

Topic: **Concessional Contribution Caps (ATO)**

Hansard Page: **Written**

Senator EGGLESTON asked:

1. In March the ATO reported that between 35,000 and 40,000 superannuants had exceeded the concessional contributions caps so far in the 2009-10 financial year. Can the ATO provide an updated figure as to how many taxpayers have exceeded the cap in the financial year to date?
2. Is the ATO able to break this number up into the number of those exceeding the cap who are subject to the \$25,000 cap for under 50s and who are subject to the \$50,000 cap for over 50s?
3. How does the ATO enforce the taxation rates of those who have exceeded the caps? When does it issue enforcement notices and how successful is the ATO at extracting payment for exceeding the caps?

Answer:

1. The figures 35,000 and 40,000 referred to individuals identified (in 2008-09 and 2007-08 respectively) who appeared to have exceeded the excess contributions cap.

Not all of these will result in an assessment for excess contributions tax because of fund reporting errors or the application of the Commissioner's discretion to reallocate or disregard contributions.

As indicated by Mr Olesen, Deputy Commissioner Superannuation of the ATO (refer to page E80 of the Proof Hansard) at the Budget Estimates hearing on 1 June 2010, it is too early for the ATO to provide information in relation to instances of Australians exceeding the concessional contribution caps in 2009-10.

2. As indicated by Mr Olesen, Deputy Commissioner Superannuation of the ATO (refer to page E80 of the Proof Hansard) at the Budget Estimates hearing on 1 June 2010, it is too early for the ATO to provide information in relation to instances of Australians exceeding the concessional contribution caps in 2009-10. The ATO needs to allow time for contributions reporting to be completed by funds, and income tax returns to be lodged by individuals.
3. Individuals identified as apparently exceeding a contributions cap for a financial year are sent a pre-assessment letter giving them 28 days to check if the information used to determine the excess contributions is correct. This provides

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the opportunity for the individual to contact the superannuation fund to arrange for any correction to reporting or for the individual to lodge/amend their income tax return.

If the individual does not respond, or otherwise still has excess contributions, then an excess contributions tax assessment and release authority are issued for the amount of concessional and/or non-concessional excess contributions tax.

The timing of ATO action depends on superannuation contributions information reported by funds and lodgment of income tax returns from individuals.

Payment of liabilities raised as excess contributions tax is enforced in line with normal ATO policy and practice.