Super strategies

Make tax-deductible super contributions

By making a personal super contribution and claiming the amount as a tax deduction, you may be able to pay less tax and invest more in super.

How does the strategy work?

If you make a personal super contribution, you may be able to claim the contribution as a tax deduction and reduce your taxable income.

The contribution will generally be taxed in the fund at the concessional rate of up to 15%[1], instead of your marginal tax rate which could be up to 47%[2].

Depending on your circumstances, this strategy could result in a tax saving of up to 32% and enable you to increase your super.

How do you claim the deduction?

To be eligible to claim the super contribution as a tax deduction, you need to submit a valid **'Notice of Intent'** form to your super fund. You will also need to receive an acknowledgement from the super fund before you complete your tax return, start a pension, withdraw or rollover money from the fund to which you made your personal contribution.

Make sure you can utilise the deduction

It is generally not tax-effective to claim a tax deduction for an amount that reduces your assessable income below the threshold at which the 19% marginal tax rate is payable. This is because you would end up paying more tax on the super contribution than you would save from claiming the deduction.

Other key considerations

- Personal deductible contributions count towards your 'concessional contribution' cap. This cap is $27,500 in FY 2022/23, or may be higher if you didn't contribute your full concessional contribution cap since 1 July 2018 and are eligible to make 'catch-up' contributions. Tax implications and penalties may apply if you exceed your cap.
- You can't access super until you meet certain conditions.
- If you are an employee, another way you may be able to grow your super taxeffectively is to make salary sacrifice contributions (see opposite page).

Seek advice

To find out whether you could benefit from this strategy, you should speak to a financial adviser and a registered tax agent.

[1] Individuals with income above $250,000 in FY 2022/23 will pay an additional 15% tax on personal deductible and other concessional super contributions.

[2] Includes Medicare Levy.

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