FACT SHEET

FINANCIAL DECISIONS

Spouse contributions

Making super less taxing

The spouse contribution tax offset is a great way to boost your combined super, reduce your tax bill and build up your retirement nest egg.

And best of all, it's so easy. All you need to do is claim the tax offset in your tax return.

What are spouse contributions?

Eligible spouse contributions are super contributions you make on behalf of your spouse. These are classified as non-concessional (after-tax) contributions. This means that the contribution is not subject to further tax once placed in the super account.

What are the benefits?

If your spouse's income is $10,800 or less, you may be eligible for an 18% tax offset on spouse contributions made to super from your after tax income, up to a maximum tax offset of $540 on the first $3,000. This tax offset decreases as your spouse's income increases. And you can't claim it if your spouse's income exceeds $13,800.

The amount you contribute will count towards the receiving spouse's non-concessional contributions cap. Tax penalties apply if this cap is exceeded.

Who can make spouse contributions?

Anyone that meets the definition of a spouse. A spouse is considered a person who, although not necessarily legally married to you, lives with you on a genuine domestic basis as your husband or wife. A spouse does not include a person to whom you are married but who lives separately and apart from you on a permanent basis.

What are the eligibility criteria for claiming a tax offset?

To become entitled to the spouse contributions tax offset:

- You must be married or in a de facto relationship.
- You must both be Australian residents.
- You need to make contributions to your spouse's super account.
- Your receiving spouse's income must be $10,800 or less.
- Your receiving spouse has to be under the age of 65, or between age 65 and 69 and gainfully employed for at least 40 hours in a period of not more than 30 consecutive days during that financial year.

Case study

Chris and Carol are a de facto couple. Chris works as a carer one day a week and earns $10,800 a year, while Carol is the main income earner. Carol contributed $1,500 to Chris' super fund.

Carol is eligible to claim a tax offset of $270 while more than doubling the amount going into Chris' super account that year.

This is based on the assumption that Chris' only other contribution is his employer's super guarantee (SG) contribution of 9.5% or $1,026.

We're here to help

To find out more about the tax advantages of spouse contributions and whether it would be a good strategy for you, why not give us a call on 02 9997 4647.

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