

## **EXCESS CONTRIBUTIONS TAX A SIGNIFICANT PENALTY**

Independent Financial Advisor

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Darin Tyson-Chan

Newly-released Australian Taxation Office (ATO) figures have confirmed the superannuation excess contributions tax is having a significant impact on fund members in regard to both the number of people who have been issued with an assessment and the monetary amount raised by the penalties.

In reference to the breaches of the concessional contributions caps, the figures showed more than 15,000 assessments were issued relating to the 2009 financial year, while 18,000 notices were delivered in 2007/08.

The amount of tax paid as a result of these breaches was \$72 million in 2008/09 and \$85 million for the previous 12-month fiscal term.

Assessments issued for breaches of the non-concessional contributions caps were far fewer in number, with more than 2000 issued in 2008/09 and 2090 sent out in relation to the 2008 financial year.

Tax collected from these breach notices was \$72 million and \$75 million respectively.

In respect of the individual breaches, the mean tax penalty for concessional contributions was \$4822 during 2008/09, while the median penalty was \$1993. This result was very similar to that of the previous financial year.

The non-concessional penalties for 2008/09 averaged \$48,081 with the median assessment \$6913.

The previous 12-month period saw an average non-concessional assessment of \$39,682 with a median of \$11,625.

"The significant divergence between the average and median figures suggests that there were some very large assessments issued, particularly for assessments involving both concessional and non-concessional contributions, SMSF specialist Super Central said. "The

data is unpleasant reading as it shows the success rate for taxpayers who have applied to the ATO to disregard or reallocate excess contributions. The success rate is trending downwards from 21 per cent for applications relating to the transitional period before 1 July 2007, 17 per cent in respect of 2007/08 and 6 per cent in respect of 2008/09."