

How much can be paid under the FHSS Scheme?

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The maximum amount which can be paid under the FHSS Scheme (called your FHSS maximum release amount") is the sum of your:

- voluntary super contributions, which are counted for FHSS Scheme purposes; and
- associated earning on those contributions.

This sum will be calculated by the ATO and will be set out in the FHSS determination.

As voluntary contributions may be subject to tax in the hands of the fund, then only the after-tax amount of the contribution will be counted for FHSS scheme purposes.

In the case of employer voluntary contributions - 85% of the contribution will be counted.

In the case of your own voluntary contributions - 85% of the contribution will be counted to the extent you claim a tax deduction in respect of those contributions and 100% of the amount will be counted to the extent you do not claim a tax deduction in respect of the contributions.

The amount of associated earnings will be calculated by the ATO using a proxy earnings rate. The proxy earnings rate will be the shortfall interest rate - which is essentially the 90 days Bank Accepted Bill rate, with an uplift factor of 300 basis points. For 2016/17 this rate was 4.78%.

Associated earnings will be calculated in respect of each counted voluntary contribution on a daily basis from the date the contribution was received by the superannuation fund. Exceptionally, for voluntary contributions made in the 2017/18 financial year, associated earnings will be calculated from 1 July 2017 (presumably for counted contributions made in 2017/18 the ATO has no way of determining the actual date of the contribution and so has assumed for calculation purposes that all contributions are to be treated as having been made on 1 July 2017).

For more information on any aspect covered in this article, please call SUPERCentral on 02 8296 6266 or email info@supercentral.com.au.