



LEDGER  
RUTLEDGE &  
WALKER PTY LTD  
CHARTERED ACCOUNTANTS

CD Ledger CA  
MB Walker CA  
42 Thesiger Court, Deakin  
PO Box 308  
DEAKIN WEST ACT 2600  
Tel 02 6295 7110  
Fax 02 6239 6854  
email info@lrw.com.au

## EXCESS CONTRIBUTION TAX

Excess contribution tax is a tax you are liable to pay on contributions made to your super that exceed your concessional or non-concessional contributions cap. ECT is not a penalty, it is just the amount of tax that parliament has decided should be imposed when your contributions exceed a relevant cap.

Individual taxpayers will be liable to pay the excess contribution tax if the contributions exceed the concessional contributions cap for the year. The excess concessional contributions tax levy is 31.5%, which is in addition to the 15% paid by the fund. This brings the tax liability on the surplus concessional contributions in a year to 46.5%.

The taxpayers also have tax liability on the excess contribution tax of 46.5% if the non-concessional contributions cap is exceeded in the year.

For instances where both caps are breached, that may result in a tax levy at 93%. This is a distinct incentive to ensure that you are aware of your contribution caps.

From 1 July 2011, the government will provide eligible individuals who breach the concessional contributions cap by up to \$10,000 with a one-off option to request that these excess contributions be refunded to them. This new refund option will only apply to first-time breaches.

Contribution Type	Excess Contribution Tax
Concessional	31.5% in addition to the 15% paid by the fund
Non-Concessional	46.5%

We have provided general information for guidance only in this newsletter. For business and personal taxation planning, or other professional advice having regard to your circumstances, please come and see either Charles or Matthew.