Spouse contributions

Making super less taxing

The spouse contribution tax offset is something you can benefit from throughout your working life—from taking time off to start a family to cutting down your hours before retirement.

It's 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 or 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, and if your spouse's total non-concessional contributions exceed this cap, tax penalties apply. This may be very helpful if your spouse has a low income or is not working.

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 tax offset, you need to make after-tax contributions to your spouse's super account. If you are eligible and if your spouse's income for the year is below the thresholds, you will be able to claim the tax offset in your tax return.

The spouse contribution tax offset applies to people who are married or who are in a de facto relationship.

To qualify for the tax offset, you must both be Australian residents.

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' fund.

To work out the tax offset, Carol needs to calculate 18% (the tax offset) of $1,500 (the contribution). By doing this she finds that the tax offset that she can claim is $270, and at the same time she is 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 9.50% or $1,026. He may also be eligible for the government low income superannuation contribution, which in essence is a refund of the 15% contributions tax paid on the SG contributions.

If Chris were to make a personal after-tax contribution, then he may also be eligible to a matching Government co-contribution, up to a maximum of $500.

Who is eligible to receive a spouse contribution?

Your receiving spouse has to be:

- under the age of 65, or
- between age 65 and 69 (inclusive) and gainfully employed for at least 40 hours in a period of not more than 30 consecutive days during that financial year.

How do I arrange to make a spouse contribution?

Your spouse can usually make a contribution by cheque or BPAY®. Visit **amp.com.au** or give us a call for details on where to send it.

Need more information?

To find out more about the tax advantages of spouse contributions and whether it would be a good strategy for you, contact your financial adviser.

Visit **amp.com.au** or call **131 267**.

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