SOFY NEWSLETTER

Sutherland Tse & Co Pty Ltd

DIVISION 296 TAX

The Government has finalised the $3 million super cap tax. From 1 July 2026, Division 296 tax will apply to an individuals Total SUperannuation Balance that exceeds $3 million.

There will be additional tax of 15% payable by the individual with an option to release funds from their superannuation to pay for the additional liability.
There will be a further 10% tax payable for individuals with balances exceeding $10 million.

The tax is calculated on the proportion of earnings that are attributable to the individuals total superannuation balance. Unrealised gains are not tax under the new rules.

https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/caps-limits-and-tax-on-super-contributions/division-296-tax/how-division-296-tax-is-calculated

SUPERANNUATION GUARANTEE

The superannuation guarantee (SG) rate remains at 12% of the employee's ordinary time or qualifying earnings.

https://www.ato.gov.au/tax-rates-and-codes/key-superannuation-rates-and-thresholds/super-guarantee

PAYDAY SUPER

From 1st July 2026, PayDay super commenced and employers are now required to pay superannuation to the members nominated superannuation account on each pay run.

SMSF members will be receiving contributions deposited more frequently into their superannuation account.

https://www.ato.gov.au/businesses-and-organisations/super-for-employers

CONTRIBUTIONS CAPS

Concessional Contributions

The concessional contributions cap for the 2026-27 financial year will increase to $32,500.

If you have not utilised your full cap over the last 5 years, you may be eligible for the carry forward of unused contributions cap. Please contact us for further information.

Non-Concessional Contributions

The non-concessional contributions cap for the 2024-25 financial year will continue to be $130,000.

Please note that your own cap may be different. It can be higher if you use a bring-forward arrangement, or nil if your Total Superannuation Balance (TSB) is greater than or equal to the general transfer balance cap ($2.1 million from 1st July 2026)

Please contact us to discuss your caps.

https://www.ato.gov.au/individuals/super/in-detail/growing-your-super/super-contributions---too-much-can-mean-extra-tax/

MINIMUM PENSION RATES

The minimum pension rate drawndown percentages remain the same for the 2027 financial year

Age of Beneficiary	Percentage Factor
Under 65	4%
65 to 74	5%
75 to 79	6%
80 to 84	7%
85 to 89	9%
90 to 94	11%
95 +	14%

Please ensure that enough funds are available to withdrawn the minimum amounts required for the 2025 FYR.

https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/self-managed-super-funds-smsf/paying-smsf-benefits/income-stream-pension-rules-and-payments#ato-Minimumpensionstandards

RESIDENTIAL LRBA BAN

From 10th August 2026, SMSF's are prohibited from purchasing residential property using Limited Recourse Borrowing arrangments.

Purchases of business real property is still allowed. Existing residential property loans inside SMSs are grandfathered.

ATO Changes to Limited Recourse Borrowing Arrangments

SUPERANNUATION TIPS!

SMSF CHANGES AND PLANNING OPPORTUNITIES FOR FY2026–27

The 2026–27 financial year introduces several significant superannuation changes. Whether you're building retirement savings or already drawing a pension, it's worth reviewing your strategy.

1. New Division 296 tax for balances above $3 million
From 1 July 2026, members with a total superannuation balance exceeding $3 million may be liable for an additional 15% tax on earnings relating to the balance above $3 million. This tax is assessed to the individual and includes a proportion of unrealised gains.

2. Higher concessional contribution cap
The annual concessional contribution cap increases:

- 2025–26: $30,000
- 2026–27: $32,500

3. Higher non-concessional contribution cap
The annual non-concessional contribution cap increases to $130,000. Eligible members may be able to contribute up to $390,000 under the bring-forward provisions

4. Transfer Balance Cap increases to $2.1 million
From 1 July 2026, the general Transfer Balance Cap increases from $2.0 million to $2.1 million.

5. Carry-forward contribution strategies remain available
Individuals with:

- Total super balance below $500,000, and

Unused concessional caps from the previous five years, may still utilise carried-forward concessional contributions.

FURTHER INFORMATION

We understand the importance of reducing your tax liabilities and increasing your wealth. For further information on the above strategies, please contact us on 02 9763 1628 or email info@sutherlandtse.com.au to arrange a time with Valentine Tse.