

Practice Update

April 2023

New 15% super tax to apply from 1 July 2025

The Government recently announced it will be imposing a 15% additional tax on individuals that have more than \$3 million in superannuation. The new measure is expected to commence from 1 July 2025 (i.e., the start of the 2026 income year).

The main takeaways from the information provided thus far include the following:

- The additional 15% tax will broadly apply to the annual movement in the value of an individual's superannuation balance, adjusted for withdrawals and contributions. These 'earnings' are further adjusted to ensure only the proportion corresponding to the balance above \$3 million will be subject to the new tax.
- There will be no limit imposed on the size of superannuation account balances.
- Individuals will have the choice of paying the tax liability personally or from their super fund.

In current terms, the Government expects that the new tax will apply to 0.5% of people with money in superannuation (around 80,000 people). However, the proposal does not currently allow for indexation of the \$3 million threshold, so more individuals may be impacted in the future.

Editor: The Government will consult on the implementation of this proposed measure, so expect to hear much more about it before 2025!

Start thinking about your FBT obligations

The 2023 FBT year ended on 31 March, so it is now time for employers to get ready to lodge their 2023 FBT returns, where they have provided benefits to their employees (or their associates) between 1 April 2022 and 31 March 2023.

If you have provided fringe benefits to employees during the year, we are able to assist you with satisfying the following requirements:

- self-assessing your FBT liability for the FBT year;
- lodge an FBT return (if you have an FBT liability or paid FBT instalments through your activity statements);
- pay the FBT you owe by the due date; and
- calculate the reportable fringe benefits amount to be included on each employee's income statement or payment summary (if the total taxable value is more than \$2,000).

Employers that have an FBT liability for the year ended 31 March 2023 are generally required to lodge their FBT return and pay their FBT liability by 26 June 2023, where they lodge their FBT return electronically through a registered tax agent (noting the usual due date of 25 June falls on a weekend this year).

Employers that are not included on a registered tax agent's FBT client list must generally lodge an FBT return by 22 May 2023.