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SUPERANNUATION CONTRIBUTIONS SPLITTING

What is superannuation contributions splitting?
Superannuation contributions splitting allows individuals to split certain superannuation contributions made on or after 1 January 2006 to their spouse. This provides couples with an avenue to share their superannuation benefits. In particular, it allows single income families access to two eligible termination payment (ETP) low rate thresholds and two reasonable benefit limits (RBL) in a similar way to dual income families.

You can split contributions to an account held by your spouse, either within the same fund or retirement savings account (RSA), or to a different fund, RSA, approved deposit fund or life assurance company.

Your spouse includes another person who, although not legally married to you, lives with you on a genuine domestic basis as a husband or wife.

Do all superannuation funds offer contributions splitting?
The superannuation contributions splitting measure is a voluntary regime which means that superannuation funds decide whether or not they will offer splitting to their members.
We are currently in the process of reviewing all self-managed superannuation fund deeds to ensure this option is available to all members.

Can all superannuation contributions be split?
Splittable contributions made on or after 1 January 2006 to a complying superannuation fund or Retirement Savings Account (RSA) may be split to your spouse's superannuation account. The following contributions are splittable contributions:

- Taxed splittable contributions – such as employer and personal deducted contributions.
- Untaxed splittable contributions – such as personal undeducted contributions and super co-contributions.

Is there a limit on the amount that can be split to my spouse?

The maximum splittable amount for any financial year is 85% of taxed splittable contributions and 100% of untaxed splittable contributions.

For the 2005-06 financial year, only splittable contributions made on or after 1 January 2006 may be split.

If I roll over my superannuation contributions to another fund, can I still split them with my spouse?

No. The only amounts that can be split are amounts received as contributions by your current superannuation fund. If you or your employer make contributions to a superannuation fund and either you roll them over to another fund or the fund closes before the end of the financial year (or before you lodge your splitting application), these amounts must be treated as rollovers by the receiving fund and will not be eligible to be split with your spouse. This means if you want to split contributions and you are also thinking of rolling your entitlements over to a new fund, you need to consider splitting the contributions before you rollover your entitlements to the new fund.

If I roll over an amount to my spouse, how is this treated by the receiving superannuation fund?

Amounts split into a spouse's account are treated as a contributions-splitting ETP for income tax purposes and are taken to have been rolled over into the spouse's account.

When can I make a superannuation contributions-splitting application?

You may make an application to split an amount of either or both taxed splittable contributions or untaxed splittable contributions made on or after 1 January 2006. This application must be either:

- made in the following financial year; or
- made in the financial year the contribution is made if the entire benefit is to be rolled over or transferred in that financial year.

Can I claim a tax deduction for amounts split to my spouse?

Yes. If you intend to claim a deduction for personal contributions made to your superannuation fund (and you meet all the relevant conditions), you should lodge your intention to claim the deduction with the trustee of your superannuation fund before you lodge a superannuation contributions-splitting application.

If you would like further information about how Forsyths can help your organisation, please contact us!