

Guide to completing the Deduction Notice for Personal Superannuation Contributions

Macquarie Vision

Macquarie Investment Management Limited ABN 66 002 867 003 AFSL 237 492 RSEL L0001281
Macquarie Superannuation Plan ABN 65 508 799 106 RSE R1004496

Completing a Deduction Notice in relation to personal contributions?

This is a short guide aimed at helping you understand the requirements where you intend to claim a deduction for personal super contributions or where you wish to vary a previous Deduction Notice you gave to the Fund.

Deduction Notice requirements

The requirements and timeframe to submit a Deduction Notice are summarised below. If these requirements are not met, you will not be entitled to claim the deduction.

Timeframes for lodgement

A Deduction Notice must be given to the Fund before the earlier of:

- the day you lodge your tax return for the year in which the contributions were made, and
- the end of the financial year after the year in which the contributions were made.

When is a Deduction Notice invalid?

A fund cannot accept a Deduction Notice that is invalid. A Deduction Notice is invalid if, at the time you gave the Deduction Notice:

- you were not a member of the Fund, for example, you have withdrawn all of your benefits from the Fund
- the Trustee no longer holds the contribution, for example, you have made a partial withdrawal or rollover after making the contribution but before submitting the Deduction Notice – see Example 1

- the Trustee has begun to pay a super income stream from your account after a contribution was made to that account but before a Deduction Notice is submitted
- you have applied to split contributions with your spouse (and the Trustee has accepted the application).

Work test requirements

A number of requirements must be met in order for you to claim a tax deduction for contributions you make.

For contributions made from 1 July 2022, a work test (or work test exemption) must be met in order for you to claim a tax deduction for contributions you make from age 67 up to the 28th day after the end of the month you turn 75.

Work test: The work test requires you to be gainfully employed for at least 40 hours in a period of not more than 30 consecutive days in the financial year in which the contribution is made.

Work test exemption: No work test is required in the financial year following the year you retire, provided your total superannuation balance is less than \$300,000 as at 30 June of the previous financial year and you were gainfully employed for at least 40 hours in 30 consecutive days in the year of retirement.

The work test (and work test exemption) for individuals making personal deductible contributions will be administered by the ATO when they lodge their income tax return.

If you will be 67 or over when you plan to make a personal deductible contribution, we suggest that you confirm with your adviser whether you meet the requirements to claim a tax deduction, including the work test (or work test exemption).

Varying a Deduction Notice

A Deduction Notice cannot be revoked or withdrawn. However, it can be varied, but only to reduce the amount claimed (including to nil).

If you wish to vary a Deduction Notice that has previously been submitted, the amount that is claimed must be less than the amount specified in the previous Deduction Notice. Where the variation is effective, the contributions tax deducted from the amount of the contribution you no longer wish to claim as a deduction will typically be refunded to your account.

Variations are ineffective in circumstances similar to those in which a Deduction Notice is invalid. For example, a variation submitted after a pension has commenced based in whole or part on the contribution cannot be accepted by a Fund Trustee.

Example 1: Rolling over or drawing a lump sum – proportioning rule affecting Deduction Notices

If you withdraw or rollover benefits to another fund after making a contribution but before providing the Deduction Notice to the Fund, the Fund will no longer hold the entire amount of the contribution. The amount of the contribution that can be claimed as a deduction is calculated as a proportion of the tax free component (TFC) of your superannuation account that remains after the rollover/withdrawal.

The formula is as follows:

$$\text{TFC of remaining super account} \times \frac{\text{Contribution}}{\text{TFC of super account before rollover/withdrawal}}$$

Where “TFC” means Tax Free Component.

Rachel has a superannuation account balance of \$100,000 which includes a TFC of \$25,000.

She made a \$25,000 personal contribution in July 2021, taking her balance to \$125,000 which now includes a TFC of \$50,000.

In August 2021, Rachel rolled over \$50,000 to another fund leaving her with an account balance of \$75,000 (assuming, for simplicity, that there have been no earnings). The \$50,000 rollover was made up of \$20,000 TFC and \$30,000 taxable component (determined by operation of the tax component proportioning rule).

Following the rollover, the TFC of the remaining account balance is \$30,000.

A valid Deduction Notice for the contribution would be limited to \$15,000 which is worked out as follows:

TFC of remaining super account	×	$\frac{\text{Contribution}}{\text{TFC of super account before rollover/withdrawal}}$
= \$30,000	×	$\frac{\$25,000}{\$50,000}$
	=	\$15,000

A similar restriction will apply to variation Deduction Notices.

How do I change an amount previously included on a valid Deduction Notice?

a. Increase to the amount being claimed as a tax deduction

If you wish to increase the amount that you want to claim as a deduction, you can do so provided you still meet the requirements specified above for lodgement of the Deduction Notice. However this change in amount is not a variation to the original Deduction Notice. Instead, you need to lodge a second Deduction Notice specifying the additional amount you wish to claim.

In the new Deduction Notice, select ‘No’ for the question ‘Is this Deduction Notice varying an earlier Deduction Notice?’ in section 3.

Example 2: Increasing the amount being claimed as a tax deduction

John makes a contribution of \$20,000 and lodges a Deduction Notice with his super fund to claim a deduction for \$15,000. Later (but within the requirements) he decides to increase his deduction to \$18,000. John must send his super fund another Deduction Notice, advising that he now also intends to claim \$3,000 as a deduction. His super fund will now have two valid Deduction Notices – one Deduction Notice for \$15,000 and one Deduction Notice for \$3,000. John should receive two acknowledgment notices from the Fund.

In this case John would complete the **Macquarie Super - Deduction Notice for Personal Superannuation Contributions** as follows:

In section 2:

Amount of personal contributions covered by this Notice that you intend to claim as a tax deduction:

\$

In section 3:

Is this Deduction Notice varying an earlier Deduction Notice?

No

b. Reduction to the amount being claimed as a tax deduction

If you wish to reduce the amount you intend to claim as a deduction, you will need to lodge a variation to the original Notice sent to your fund. The variation does not alter a previous Deduction Notice; instead, it is a new Deduction Notice which replaces a previous valid Deduction Notice and shows the amount of the contributions which you now want to claim as a tax deduction.

In the new Notice, select 'Yes' for the question 'Is this varying an earlier Deduction Notice?' in section 3.

Example 3: Reducing the amount you intend to claim as a deduction

Sarah makes a contribution of \$25,000 and lodges a Deduction Notice with her fund to claim a deduction for \$25,000. Later she decides to reduce her deduction to \$15,000. She must send her fund a new Deduction Notice in order to vary the original Notice, advising that \$15,000 is the amount she now intends to claim as a tax deduction.

In this case Sarah would complete the **Macquarie Super - Deduction Notice for Personal Superannuation Contributions** as follows:

In section 2:

Amount of personal contributions covered by this Notice that you intend to claim as a tax deduction:

\$

In section 3:

Is this Deduction Notice varying an earlier Deduction Notice?

Yes

For more information or help with completing the Deduction Notice, please speak to your **financial adviser**. When deciding whether to claim a deduction for super contributions, you should consider the impact this might have on whether you will exceed your contribution caps, and whether it will affect your super contribution eligibility.

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Macquarie Vision Deduction Notice for Personal Superannuation Contributions

Macquarie Investment Management Limited ABN 66 002 867 003 AFSL 237492 RSEL L0001281
Macquarie Superannuation Plan ABN 65 508 799 106 RSE R1004496

IMPORTANT: Use this Deduction Notice if you intend to claim a tax deduction for personal contributions made to the Macquarie Superannuation Plan or want to vary a previous Deduction Notice you have already submitted.

There are some important requirements (including the work test or work test exemption for those age 67 and over) that must be met in order to claim a tax deduction for personal contributions. Please consult your adviser or a taxation professional for further information.

You must either make your contribution to your super fund before you give your notice of intent, or send your contribution to your super fund with your notice of intent.

1

Client details

Account number:

Account name:

Financial year to which this Deduction Notice relates - year ended 30 June

2

Personal contribution amount

Please read this before completing the section

If you have made **multiple contributions** in the year, this Deduction Notice does not have to cover every contribution. Only include those contributions you intend to claim. If this Deduction Notice covers multiple contributions, do not include any contribution covered by a previous Deduction Notice this year.

If you are increasing the amount you wish to claim as a tax deduction, only include the additional amount you intend on claiming as a tax deduction.

If you are varying an earlier Deduction Notice, include the reduced amount you intend on claiming as a deduction.

Amount of personal contributions covered by this Deduction Notice that you intend to claim as a tax deduction: \$

3

Deduction Notice variation

Please read this before completing the section

If you are varying an earlier Deduction Notice, the amount you intend to claim as a tax deduction **cannot** be greater than the amount stated in the earlier Deduction Notice.

Is this Deduction Notice varying an earlier Deduction Notice? Yes No



Declaration

If you have not previously lodged a Deduction Notice with the Fund for these contributions

- I declare that I am lodging this Deduction Notice at the earlier of either:
 - before the end of the day that I lodged my income tax return for the financial year stated in section 1, OR
 - before the end of the financial year following the year stated in section 1.
- I declare that at the time of lodging this Deduction Notice:
 - I am a member of the Macquarie Superannuation Plan
 - the Macquarie Superannuation Plan currently holds these contributions
 - the Trustee has not begun to pay a pension based in whole or part on these contributions
 - I intend to claim the personal contributions stated in section 2 as a tax deduction, and
 - I have not included any of these contributions in an earlier Deduction Notice.
- I declare that the information given on this Deduction Notice is correct and complete.
- I declare that I have read and understood the current *Guide to completing the Deduction Notice for Personal Superannuation Contributions*.

If you have already lodged a Deduction Notice with the Fund for these contributions and wish to reduce the amount stated in that Deduction Notice

- I declare that at the time of lodging this Deduction Notice:
 - I am a member of the Macquarie Superannuation Plan
 - the Macquarie Superannuation Plan currently holds these contributions
 - the trustee has not begun to pay a pension based in whole or part on these contributions, and
 - I intend to claim the personal contributions stated in section 2 as a tax deduction.
- I declare that I wish to vary my previous Deduction Notice for these contributions by reducing the amount I advised in my previous Deduction Notice and I confirm that either:
 - I have lodged my income tax return for the year in which the contribution was made, prior to the end of the following income year, and this variation Deduction Notice is being lodged before the end of the day on which the return was lodged, OR
 - I have not yet lodged my income tax return for the year stated in section 1 and this variation Deduction Notice is being lodged on or before 30 June in the financial year following the year stated in section 1, OR
 - the Tax office has disallowed my claim for a deduction for the relevant year stated in section 1 and this Deduction Notice reduces the amount stated in my previous valid Deduction Notice by the amount that has been disallowed. In the event that the disallowance is reversed, I agree to inform the Trustee and acknowledge that this variation will be ineffective.
- I declare that the information given on this Deduction Notice is correct and complete.
- I declare that I have read and understood the current *Guide to completing the Deduction Notice for Personal Superannuation Contributions*.

Signature

Date: / /

Full given name(s):

Surname:

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Please complete and return the form to **Macquarie Vision, GPO Box 4045, Sydney NSW 2001**, or via email to **vision@macquarie.com** If you have any queries about completing this form please contact us on **1800 501 562**.

If you have any queries about completing this form please contact your adviser or us on **1800 501 562**.