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Super Guarantee Opt-Out for High Income Earners - Bill before Senate

Proposed Changes

From 1 July 2018, high income earners who have multiple employers and income in excess of \$263,157 per year will have the option to opt out of receiving superannuation guarantee from certain employers.

Employers are required to pay 9.5% superannuation guarantee on employee's ordinary time earnings. For high-income earners this can result in breaching the concessional contributions cap, which is \$25,000 for the 2019 financial year.

Individuals with multiple employers and income in excess of \$263,157 per year will be able to apply for an exemption to release some of their employers from their SG obligations. This measure is intended to allow hi-income earners to avoid unintentionally breaching the annual concessional contributions cap resulting in Division 293 excess contributions tax. Eligible employees are able to negotiate with their employers to receive superannuation forgone as additional income, which is taxed at marginal tax rates.

Application for an exemption certificate

The form to apply for an exemption certificate will be available once the Bill has received Royal Assent.

Eligible individuals will need to submit their application 60 days before the start of the quarter to which the exemption applies and should contain the following:

- Which employers the exemption certificate will apply to and
- The quarter in the financial year to which it should apply.

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