

Work test and other superannuation measures passed by federal parliament

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In the 2021-22 Federal Budget, the Government announced proposals that involved amending a range of superannuation and other laws. On Thursday 10 February 2022, the Bill containing these measures was finally passed by both houses of Parliament.

The Bill, Treasury Laws Amendment (Enhancing Superannuation Outcomes For Australians and Helping Australian Businesses Invest) Bill 2021, which is now awaiting Royal Assent, and has implications for the application of the Work Test, Downsizer Contributions, the Superannuation Guarantee system and a number of other items, will now be passed into law.

The key legislative changes made by the Bill include:

Work Test for Individuals aged between 67 and 75

Previously, the satisfaction of the Work Test was a pre-requisite for the making of any contributions to superannuation for Australians aged between 67 and 75. The Bill has now repealed much of the restriction that the Work Test previously imposed on Australians aged between 67 and 75 from adding to their superannuation.

From 1 July 2022, Australians aged between 67 and 75 can make non-concessional contributions, or salary-sacrificed personal contributions into their superannuation fund, without needing to pass the Work Test for that financial year. This also means from 1 July 2022, that Australians in this age bracket are also permitted to utilise the “Bring Forward” rule, allowing a non-concessional contribution to be made in the one year of up to three times the annual limit (\$110,000 in FY2021-22).

From 1 July 2022, the only situation where a person aged between 67 and 75 would be required to satisfy the Work Test would be where that person intended to claim a tax deduction for their personal contributions to super.

We note that there are other requirements outside of the now-amended Work Test that may restrict the ability of people who would now be eligible to make contributions into superannuation, so any plan to make contributions should still be considered carefully.

Superannuation Guarantee – removal of the minimum earnings threshold

From 1 July 2022, the previous minimum salary or wages threshold of \$450 per month will be removed.

This means that all employers will be required to pay superannuation guarantee (currently set at 10% of Ordinary Times Earnings) for all employees, regardless of their salary or wages received for a month. This will improve equity in the superannuation guarantee system for low income or casual employees.

Downsizer Contributions – minimum age reduced

From 1 July 2022, the minimum age for Australians wanting to access this measure has reduced from 65 years to 60 years of age.

The Downsizer Contribution allows Australians, who meet the eligibility criteria, to contribute up to \$300,000 from the proceeds of selling their home into super.

We do remind you however that there are a number of other eligibility criteria (which remain unchanged) that must also be satisfied before accessing the Downsizer Contribution.

First Home Super Saver Scheme – maximum amount increased

For those eligible to access this Scheme, for any requests made to your superannuation fund after 1 July 2022, the maximum releasable amount from your super has been increased from \$30,000 to \$50,000. The request to release funds under this Scheme must be made after 1 July 2022 in order to access the increased amount.

Calculation of Exempt Current Pension Income – trustee preference

The Bill also amends the Income Tax Assessment Act 1997 to allow superannuation fund trustees to choose their preferred method of calculating exempt current pension income when they have member interests in both accumulation and retirement phases for part, but not all, of the income year.

This measure is designed to reduce the complexity and cost associated with a super fund's annual reporting obligations. These changes come into effect from 1 April 2022, and will apply for the 2021-22 financial year.

Other Legislative Changes – Temporary Full Expensing deadline extended!!

In a win for businesses, the Bill has also extended the end date for the Government's Temporary Full Expensing measure for the acquisition of depreciating assets by businesses.

Businesses that meet the relevant turnover thresholds (and other eligibility criteria) will now be eligible to claim a deduction for the full cost of any depreciable assets acquired and installed ready for use by 30 June 2023 (previously 30 June 2022).

Should you have any queries in relation to any of these measures please contact your [Fordham Partner](#).

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