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The Treasury

SUSTAINING THE SUPERANNUATION CONTRIBUTION CONCESSION – DIVISION 293 TAX – CALCULATING NOTIONAL CONTRIBUTIONS FOR DEFINED BENEFIT INTERESTS

SUMMARY OF CONSULTATION PROCESS

On 25 March 2014, the Government invited submissions on the exposure draft Regulation and explanatory statement prescribing the methodology for determining defined benefit contributions for the purposes of Division 293 tax.

This Regulations was included as Schedule 3 (Calculating defined benefit contributions) to the Tax and Superannuation Laws Amendment (2014 Measures No. 2) Regulation 2014, which will commence the day after registration.

This Regulation is the final piece of subordinate legislation needed to fully implement the 2012-13 Budget measure, 'Superannuation - reduction of higher tax concession for contributions of very high income earners'.

Consultation process

Consultation on the exposure draft Regulation was conducted between 25 March and 8 April 2014. Nine submissions were received, including two that were in confidence.

Submissions can be viewed on the [Treasury website](#).

Summary of key issues

Overall, submissions supported the proposed method for determining defined benefit (DB) contributions for Division 293 tax purposes. Generally, stakeholders agree that the method minimises compliance costs as it is based on the method already in use for determining notionally taxed contributions for excess contributions tax purposes.

Several submissions raised concerns about the ability of superannuation funds to implement the Regulation in time to report to the Australian Taxation Office (ATO) at the end of October 2014. The ATO has already advised funds that the Commissioner of Taxation will be flexible in relation to this reporting due date.

Some submissions also raised technical issues or sought clarification around the calculation and application of the method for determining DB contributions. To address this, some minor changes were made to the explanatory statement.

Finally, some submissions raised issues that are not directly related to the finalisation of the regulation and as such they are out of scope of this consultation.



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Feedback

Feedback on the consultation process for this measure can be forwarded to consultation@treasury.gov.au. Alternatively, you can contact Jessica Carew on 02 6263 2548.

Thank you to all participants in the consultation process.