Tax Explanation

This factsheet explains how your super is taxed.

Tax advantages of superannuation

Super is a way of saving over the long-term so you can retire with enough money to meet your needs. As an investment, it can give you tax advantages that you may not get with other ways of saving, such as:

- Tax offsets and tax deductions available on eligible personal contributions to your super
- Concessional tax rates on the returns on your super investments
- Concessional tax rates when you access your super.

In this factsheet, we explain the rules around tax and your super, including when tax is payable on your benefits.

For most people, super starts growing when you begin work and your employer starts contributing to your super. Over time, the money in your super might come from a range of sources including from your employer, super contributions from your own bank account, other super funds, and your spouse. Investment earnings also help your super grow.

Tax on contributions

The tax paid on contributions to your super depends on the type of contribution you make.

If you make **after-tax** (non-concessional) contributions, they are not taxed within the super fund. If your total super balance is less than $2 million you can contribute up to $120,000 in a financial year before you exceed the cap.[1]

However, if you are aged under 75 at any time during the financial year, you can contribute up to three times your after-tax cap (i.e. $360,000) in a financial year without being penalised. This is known as the 'bring-forward rule' and means you are bringing forward the cap for up to the next two years.

The amount you can bring forward also depends on your total superannuation balance. If you have less than $1.76 million, then you can bring forward three years' worth of contributions ($360,000). If your total superannuation balance is between $1.76 million and $1.88 million, then you can bring forward two years' worth ($240,000). You cannot bring forward any contributions if you have a total superannuation balance of $1.88 million or more and the non-concessional contributions cap applies.

If your total super balance was $2 million or more at the prior 30 June, your after-tax contributions cap is nil.If you make **before-tax** (concessional) contributions, you can contribute up to $30,000 in a financial year before you exceed this cap. Before-tax contributions are taxed at 15% within the super fund, unless you exceed the contribution cap or have not provided your tax file number. If your income[2] plus concessional contributions is more than $250,000 per year, different tax rules apply. You will pay tax of 30%, instead of 15% on your concessional contributions once the threshold is exceeded.[3]

If you have a total superannuation balance of less than $500,000 on 30 June of the previous financial year, you may be entitled to 'carry-forward' unused concessional contributions. This means you can contribute more than the general concessional contributions cap, and make additional concessional contributions for any unused amounts. Amounts carried forward that have not been used after five years will expire.

Taxation

We pass on the benefit of tax deductions we claim for certain costs of operating the fund, including insurance premiums, in 2 different ways:

1. Indirectly by retaining it in the fund for the benefit of all members
2. Directly to your account as a tax rebate.

Tax rebate

To be eligible for the direct rebate you must have had contributions tax deducted from concessional contributions paid into your Accumulation account during the financial year. Any direct rebate you are eligible for is capped at the amount of contributions tax you've paid during the financial year and will be credited to your account on 30 June each year. If you close your account during a financial year, the rebate will be included in your final balance. Your eligibility is assessed separately for each account you hold.

How the contribution caps increase

The concessional contributions cap is indexed with average weekly ordinary times earnings (AWOTE)[4] in $2,500 increments. The non-concessional cap is set at four times the concessional contributions cap (i.e. $30,000 x 4 = $120,000) and will increase in line with the indexation of the concessional contributions caps.

1 Current rate for the 2025-26 financial year. **2** Income for surcharge purposes (less any reportable superannuation contributions) which equals your taxable income less any assessable first home super saver amount, plus your reportable fringe benefits and any net investment loss for the income year. **3** Division 293 tax liabilities are assessed and processed by the Australian Taxation Office (ATO) directly to you, and not automatically deducted by the super fund. **4** AWOTE is a measure of wage levels across Australia, as calculated by the Australian Bureau of Statistics.

Australian Retirement Trust Pty Ltd (ABN 88 010 720 840, AFSL 228975) is the trustee of Australian Retirement Trust (ABN 60 905 115 063).

QSuper
Part of Australian Retirement Trust

How excess contributions are taxed

If you exceed your **concessional contributions cap**, your excess concessional contributions count towards your assessable income, and are taxed at your marginal tax rate. It is wise to seek advice from a professional such as your accountant or tax adviser if you think you may exceed your concessional contributions cap.

You are entitled to a 15% tax offset on the excess concessional contributions for the tax already paid by the super fund.

You can choose to withdraw up to 85% of your excess concessional contributions to help pay the higher amount of income tax. Any excess concessional contributions you do not wish to withdraw from your super will count towards your non-concessional contributions cap. The ATO will let you know if you go over your concessional contributions cap.

If you exceed your **non-concessional contributions cap**, you have the option of withdrawing the excess non-concessional contributions from your super, plus 85% of the associated earnings. If you choose to withdraw the excess non-concessional contributions, the full earnings amount will need to be included in your assessable income, and it will be taxed at your marginal tax rate. You will be entitled to a non-refundable 15% tax offset on the associated investment earnings amount. The ATO will let you know if you go over your non-concessional contributions cap.

Financial advice about tax and your super

A financial adviser may be able to help you grow your super, pay less tax, plan for retirement, and more. Call us on **1300 360 750** and we'll be happy to discuss our options regarding accessing financial advice or you can find out more about the options at **qsuper.qld.gov.au/advice**

Tax-free and taxable components

Here are the common types of contributions that make up the tax-free and taxable components of your super.

Tax-free

- Personal contributions (where no tax deduction is claimed)
- Spouse contributions
- Super co-contributions
- Money rolled over from another super fund (the tax-free component)
- Money that becomes tax-free following approval of a total and permanent disability claim
- Capital gains tax (CGT) exempt contributions.

Taxable

- Employer and salary sacrifice contributions
- Personal contributions where a tax deduction is claimed
- Investment returns
- Money rolled over from another super fund (the taxable component).

Accessing super

As your super is designed to provide for you in retirement, it is generally preserved until you permanently retire from the workforce and reach age 60.

Components of lump sum payments

When you access your super, it may be as a lump sum payment. The tax you pay is based on the tax-free and taxable components of your super:

- There is no tax payable on the tax-free component.
- You will pay concessional rates of tax based on your age on the taxable component.

Once you are 60, any super you withdraw is tax-free.

What happens if I withdraw money from my super?

Any withdrawals you make from your super accounts have the same tax-free and taxable split as your account balance. We will calculate this at the time of payment.
The table below gives you an idea of the tax you will pay on lump sum payments.

Tax on lump sum payments

Any tax charged on lump sum withdrawals from your super usually takes into account your age, and the tax-free and taxable components of your super. The table below shows you the different tax rates that apply.

Your age	Taxable component	Tax-free component
Under age 60	Up to 20% tax rate (plus applicable levies)	No tax payable
60 and above	No tax payable	No tax payable

Tax on income stream payments

If you are under 60 and receiving regular income payments, you may have to pay tax on the taxable component. However, the amount of tax deducted from your payment may be reduced if you are entitled to the 15% tax offset. The tax offset will automatically apply as soon as we receive your Tax File Number Declaration form.

The table below shows the tax payable on your Income account and Lifetime Pension payments.

Please note that you can purchase a Lifetime Pension if you are aged between 60 and 80.

Different rules may apply to Defined Benefit accounts. Please see the Defined Benefit Account Guide for more information

Your age	Taxable component	Tax-free component
60 or over	No tax payable	No tax payable
Under age 60	Taxed at marginal tax rate, with no offset available[2] 15% tax offset available if payment is a disability super payment	No tax payable

Transfer balance cap

There is a limit on the total amount of your super that can be transferred into tax-free retirement accounts, such as our Retirement Income account and Lifetime Pension. This limit is known as the 'transfer balance cap'.

Your transfer balance account is the total of the amounts counted toward your cap and is managed by the Australian Taxation Office (ATO). Your transfer balance account includes all tax-free retirement accounts you hold with us or outside of QSuper, as well as any Defined Benefit pensions.

The general transfer balance cap is set at $2 million for the 2025-26 financial year. However, there is no single cap that applies to everyone. Each person will have their own personal transfer balance cap between $1.6 and $2 million, depending on their circumstances:

- If you are commencing an income stream in the retirement phase for the first time on or after 1 July 2025, you will have a cap of $2 million.
- If you had a transfer balance account before 1 July 2025, your personal cap will be between $1.6 million and $1.9 million
- To check the balance of your personal cap, you can check your ATO online account using myGov.

We will report to the ATO the opening balance (including any retirement bonus you have received) of any Retirement Income accounts and the purchase price of any Lifetime Pensions to count towards your cap. Transition to Retirement Income accounts do not count towards your cap. Lump sum withdrawals you make from your Retirement Income Account will increase the amount of cap space you have available.

The general transfer balance cap will be indexed periodically under Australian Government legislation, in $100,000 increments in line with the Consumer Price Index (CPI).

1 Current rate for the 2024-25 financial year. **2** Plus any additional levies, such as Medicare levy. **3** Includes Medicare levy.

The amount of indexation you will be entitled to will be calculated proportionally based on the highest ever balance of your transfer balance account. If the amount in your Retirement Income account grows over time (through investment earnings) to more than your personal cap amount, you won't breach the cap.

If you exceed the cap, the ATO may issue a notice to you and the Trustee directing you to remove the excess amount by either making a withdrawal or transferring to an Accumulation account. If you don't take any action and we don't hear from you then we will automatically transfer the amount over the cap to a QSuper Accumulation account.

The ATO may apply excess transfer balance tax to the earnings they calculate on the amount over the cap.

If you have been nominated as a reversionary beneficiary and you receive a death benefit income stream, we will report a credit to the ATO to be added towards your transfer balance cap 12 months from when you receive the benefit.

If you have been nominated as a reversionary beneficiary by a member who has chosen the Spouse Option in a Lifetime Pension, when you receive the Lifetime Pension as a death benefit income stream, we will notify you of the amount we report to the ATO. Please note that we will pause the payments between the time we're notified of the members death, to when we process the death benefit claim.

If the balance of your reversionary death benefit income stream exceeds the cap and we receive an excess transfer balance cap notice from the ATO, we will pay the amount over the cap to you in cash.

Tax on total and permanent disability (TPD) payments

If you receive a lump sum payment from your super because you have suffered a total and permanent disability, an additional amount of your benefit becomes tax-free. We work this out using your total benefit, eligible service date, and the time left until your retirement age (generally 65). As a formula, it looks like this:

$$\textit{Amount of benefit} \times \frac{\textit{Days to retirement}}{\textit{Service days} + \textit{Days to retirement}}$$

The tax you pay on lump sum payments depends on the taxable amount of your withdrawal and how old you are when you withdraw it.

Tax on terminal medical condition payments

For Accumulation account and Income account members, if you are diagnosed with a terminal medical condition, you can access all your super. The entire balance is available to withdraw tax-free for 24 months from the date you have been certified as having a terminal medical condition (the certification period).

If you are diagnosed with a terminal medical condition within 90 days of withdrawing a lump sum from your super, you can apply to be reimbursed for any tax deducted. For Lifetime Pensions, if you are diagnosed with a terminal medical condition, you may be able to access a lump sum benefit. However, this amount will be subject to limits set by the government which may reduce the amount returned to you.

For more information about how to access your super early due to a terminal medical condition, see the Claiming a Terminal Medical Condition Benefit factsheet available on our website at **qsuper.qld.gov.au/factsheets**, or call us to request a copy.

Tax on death benefits

The tax on death benefits depends on several factors including:

- The age of the person receiving the benefit
- The age of the person who has died
- Whether the person receiving the benefit is a dependant
- Whether the benefit includes an insurance payment.

For more information, please see the Death Benefit Guide available on our website at **qsuper.qld.gov.au/guides**, or call us to request a copy, free of charge.

Providing your tax file number

Under the *Superannuation Industry (Supervision) Act 1993*, your super fund is authorised to collect your tax file number (TFN), which will only be used for lawful purposes. These purposes may change in the future as a result of legislative change. If you transfer your super to another fund we may disclose your TFN to the other super provider unless you tell us not to in writing. It is not an offence not to quote your TFN. However, providing your TFN to your super fund will have the following advantages (which may not otherwise apply):

- Your super fund will be able to accept all types of contributions to your account(s)
- The tax on employer contributions to your super account(s) will not increase
- Other than the tax that may ordinarily apply, no additional tax will be deducted when you start drawing down your super benefits
- It will make it much easier to trace different super accounts in your name so that you receive all your super benefits when you retire.

If we do not have your TFN, you have until 30 June to give it to us before you have to start paying the highest marginal tax rate (47%) on your concessional contributions. Any new employer you have should also give us your TFN within 14 days of when you give it to them, or from when you give them a Tax File Number Notification form. This form is available on our website at **qsuper.qld.gov.au/forms**, or call us to request a copy.

Member Services team

Phone 1300 360 750
Overseas +61 7 3239 1004
Monday to Friday 8.00am – 6.00pm (AEST)

Postal address GPO Box 200, Brisbane QLD 4001
Email qsuper@qsuper.qld.gov.au
Fax 1300 241 602
Website qsuper.qld.gov.au

Member Centres

Visit **qsuper.qld.gov.au/membercentres**
for locations

257432. FS13. 07/25.