Morgan Stanley

Federal Election

Promises, proposals and policies

With the Federal Election to be held on 18 May 2019, the major parties are well into their campaigning and their policy platforms are meaningfully different. It's important to be aware of these policies and any potential positive or negative impacts they may have on your investments, superannuation savings and tax position if the Australian Labor Party (ALP) wins the election. This article summarises the main ALP announcements related to superannuation, tax, investing and matters that may affect your wealth planning. Importantly these are proposals only and even if Labor wins power, there is still a long way to go before the proposals become law.

Proposed Tax Changes

The Coalition's measures in relation to tax are more or less 'steady as she goes' compared to Labor who have committed to pursuing meaningful tax changes via major amendments to imputation credit refunds, negative gearing and capital gains tax amongst others. The major proposals by the ALP are discussed below.

Franking Credit Refunds Abolished

Current Law

Under the current system, taxpayers are able to use imputation (franking) credits to offset any tax payable. Where the value of a shareholder's imputation credits exceeds their total tax liability, they are entitled to a cash refund.

Proposed Labor Change

The ALP has proposed to amend the imputation system to make excess imputation credits non-refundable from 1 July 2019. This change would apply to all individuals and superannuation funds, but would not apply to recipients of an Australian government pension or allowance (e.g. age pension), self-managed superannuation funds (SMSFs) with at least one recipient of an Australian government pension or allowance as at 28 March 2018, charities and not-for-profit institutions. To re-iterate, Labor's proposal would still allow the use of franking credits to reduce tax payable to nil, however it would not be possible to receive a refund of any excess franking credits.

The example below shows the potential impact on an individual (not in receipt of a government pension or allowance) based on the current marginal tax rates (excluding Medicare Levy):

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	Individual Marginal Tax Rate				
	0%	19%	32.50%	37%	45%
Franked Dividend - cash payment	$700	$700	$700	$700	$700
Add: Imputation Credit	$300	$300	$300	$300	$300
Assessable Income	$1,000	$1,000	$1,000	$1,000	$1,000
Gross Tax	Nil	$190	$325	$370	$450
Less: Imputation Credit (tax offset)	-$300	-$300	-$300	-$300	-$300
Net tax payable	Nil	Nil	$25	$70	$150
Refund for excess imputation credits under current rules	**$300**	**$110**	**Nil**	**Nil**	**Nil**
Refund for excess imputation credits under the ALP proposal	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

Whilst this change is unlikely to affect large pooled superannuation funds (such as industry super funds), SMSFs invested primarily in Australian shares where members are wholly or substantially in retirement (pension) phase and are not in receipt of a government pension or allowance will be most affected.

The example below shows the potential impact on a SMSF which has two members with account balances of $1m each where they are in both pension phase compared with both in accumulation phase. Under the current rules, a SMSF that is 100% in pension phase is entitled to a cash refund of the excess imputation credits of $13,714, however under the ALP proposal the fund would no longer qualify for this refund and the excess imputation credits would be forgone leading to a lower overall return. This is compared to the example where the members are 100% in accumulation phase and there is no impact resulting from the ALP proposal.

	Self-managed Superannuation Fund Tax Rate	
	Pension Phase 0%	Accumulation Phase 15%
Interest Income	$48,000	$48,000
Fully Franked Dividends	$32,000	$32,000
Add: Imputation Credits	$13,714	$13,714
Assessable Income	$93,714	$93,714
Gross Tax	$0	$14,057
Less: Imputation Credit (tax offset)	-$13,714	-$13,714
Refund for excess imputation credits under current rules	**$13,714**	**Nil**
Refund for excess imputation credits under the ALP proposal	**Nil**	**Nil**
Effect of ALP's proposal as a percentage of SMSF balance	**0.69%**	**Nil**

Assumptions:

- SMSF valued at $2 million, each member has a balance of $1 million.
- Investment portfolio comprised of 40% in Australian shares and 60% in term deposits.
- Investment return is 4% pa (excluding franking credits).
- The company tax rate is 30% and dividends received are fully franked.
- Neither member is in receipt of a government pension or allowance.
- Does not take into account capital gains tax payable on the sale of investments.

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What is the potential impact?

- For Australian shares, the largest impact will likely be on high yielding shares with a large domestic retail base such as banks or telcos, while there may be some diversification into REITs and other tax-exempt structures, given they do not currently pay franked dividends.
- There are many companies carefully examining what their optimal dividend distribution policy is prior to 30 June 2019 with expectations that some may announce a special dividend in order to distribute their imputation credits prior to implementation of the ALP change. Over the longer-term, companies may decide to distribute lower dividends and retain more earnings for reinvestment.
- The impact on investment portfolios will largely depend on current asset allocation. This is because the asset classes with the highest amount of franking credits are Australian shares and hybrid securities. The loss of franking credits will reduce the total return received on Australian equities, nevertheless the expected return remains attractive as against other asset classes.
- Most large pooled superannuation funds and superannuation wraps with significant numbers of members in accumulation phase relative to members in the retirement (pension) phase are unlikely to be impacted by the ALP proposal as these funds will generally have sufficient levels of taxable income, including assessable contributions, to fully utilise any imputation credits received. This may result in some SMSF members seeking to transfer their benefits into large pooled superannuation funds to take advantage of tax sharing, however consideration must also be given to the SMSF advantages that would be forgone (such as control, flexibility and estate planning) should such a transfer occur. If a large number of superannuation pensioners move from SMSFs into industry super or larger wraps, their large pension balances could begin to swamp any tax sharing advantage from smaller balance accumulators.
- SMSFs fully in retirement (pension) phase will no longer qualify for any cash refunds of their unused imputation credits and would effectively pay tax on 100% of their franked dividends at the corporate tax rate. The loss of imputation credits for SMSFs in this position will result in a material reduction in their cash flows which may necessitate a review of retirement projections and expenditures to determine whether or not an existing strategy should be modified to meet financial and lifestyle objectives.
- SMSF trustees may revisit their portfolio weightings with a view to placing less emphasis on allocations to domestic equities.
- Some strategies that SMSF members may consider to counteract the ALP change could include:
  - Amending an SMSF's investment strategy to reduce the weighting to Australian shares and to invest a higher portion of the fund's capital in asset classes that do not pay franked dividends, such as international shares, fixed interest and property. Any potential capital gains tax implications and transaction costs need to be taken into account.
  - Maximising concessional contributions where eligible to increase the fund's taxable income so as to utilise any imputation credits.
  - Rolling out of the SMSF and into a large pooled super fund or wrap account that has sufficient amounts of taxable income to fully utilise any imputation credits.
  - Transferring benefits back to the accumulation phase to increase the level of the fund's assessable income so as to soak up any excess imputation credits that would otherwise be lost. Whilst this strategy does not provide any tax benefits (as it involves transferring assets out of a tax free environment) the fund can utilise available imputation credits to reduce its tax liability back to nil. This strategy could be attractive for some members that don't want or need the level of pension income they are currently receiving from the SMSF as any amounts moved back to the accumulation phase would not be subject to the minimum drawdown requirements. This may have already been undertaken by default by some SMSF members who were impacted by the introduction of the $1.6m transfer balance cap and have already moved a portion of their superannuation benefits back to the accumulation phase.
  - Adding accumulation members, such as adult children, to the SMSF to increase the level of the funds' assessable income so as to fully utilise the fund's imputation credits.

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Halving the 50% Capital Gains Tax Discount

Current Law

Currently a discount of 50% applies to capital gains made on assets held by individuals for at least 12 months.

Proposed Labor Change

It is proposed that the 50% discount will be halved to 25% for all assets purchased by individuals after 1 January 2020, meaning 75% of any realised capital gain will be subject to tax at the individual's marginal tax rate. This proposal applies to all asset types (including residential property, shares and managed funds) and there is no carve out for new housing as there is with the proposed changes to negative gearing (see discussion below).

Importantly, the ALP have confirmed that assets purchased prior to 1 January 2020 and held for longer than 12 months will be unaffected by this change and can receive the 50% discount on sale and there will be no change to the one-third discount available for superannuation funds.

Will this make a big difference? If we take a person earning $100,000 a year who makes a gross capital gain of $100,000, based on the current capital gains tax rules they would pay tax of $19,500, which is an effective tax rate of 19.5% on the capital gain. Under the proposed ALP rules, tax of $29,250 would be payable, which equates to an effective rate of 29.25% on the capital gain – an additional $9,750 tax payable.

What is the effect for an individual on the highest marginal tax rate?

	Current Law	ALP Proposal
	Current 50% CGT discount	Proposed 25% CGT discount
Capital gain on sale of investment property	$100,000	$100,000
Less: Capital gains tax discount	-$50,000	-$25,000
Assessable capital gain	$50,000	$75,000
Tax at 47% (including Medicare Levy)	$23,500	$35,250
Additional tax payable		**$11,750**
Effective tax rate on capital gain	**23.50%**	**35.25%**
Additional 2% tax payable under proposed ALP deficit levy	_	**$1,500**

Note: based on the 2018/19 individual income tax rates

What is the potential impact?

- Investments that provide the majority of their return in capital growth (such as property and international shares) will be affected the most by these changes, with the scaling back of the available capital gains tax discount resulting in a reduction in the after-tax return of these investments.
- The grandfathering treatment of this policy for existing assets provides a clear incentive to bring forward the acquisition of assets prior to 1 January 2020 to preserve access to the higher capital gains tax discount.
- In relation to housing prices, Morgan Stanley Research expects investors may take the view that a pre-Labor capital gains tax property is worth holding on to, which could reduce the turnover of properties in the market.
- For investments made after 1 January 2020, there will likely be a greater importance placed on which entity (tax structure) to invest in (e.g. individual name, trusts, or super fund) given the capital gain and therefore tax liability will be higher upon sale of the investment.

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Limiting Negative Gearing to New Housing Investments

Current law

Negative gearing involves borrowing money to invest where the investment return is less than the interest repayments and outgoings. Currently, losses generated as a result of borrowing against any investment asset may be offset against any income earned, such as salary, thereby reducing the tax payable.

Proposed Labor Change

It is proposed from 1 January 2020 that the ability to negatively gear an investment will be restricted to new housing only. Under the proposed policy:

- Net losses from new housing investments would still be deductible against salary and other non-investment income.
- Losses incurred from new investments in other assets including existing properties and shares could only be used to offset investment income (such as dividends, managed fund distributions, positively geared rental income), but not deductible against salary income. Any unused investment losses could still be carried forward to offset a final capital gain on the investment.

All investments made prior to 1 January 2020 would not be affected by the change and will be fully grandfathered so that investment losses can continue to offset salary and non-investment income.

What is the potential impact?

- There may be a potential rush into borrowing for additional investments (such as existing housing, shares or managed funds) prior to 1 January 2020 to lock in the pre-Labor negative gearing rules, potentially affecting the price of these assets.
- Over the longer term it may increase demand for newly constructed properties where negative gearing opportunities are still available, in preference for existing properties, thereby potentially achieving the policy's intended effect of putting downward pressure on house prices.
- For investments other than new housing made after 1 January 2020, there will be a greater importance placed on which entity (tax structure) to borrow and invest in (e.g. individual name, trusts, or super fund) with a potential focus on entities that have investment income (not just salary income) that income can be used to offset investment losses.

30% Minimum Tax Rate on Trust Distributions

Current law

Distributions from discretionary (family) trusts are currently taxed depending on the personal tax rate of the beneficiary, which means they are a popular investment vehicle used for income splitting and tax minimisation.

Proposed Labor Change

The ALP has proposed introducing a 30% minimum tax rate on discretionary trust distributions to adult beneficiaries (existing tax measures are already in place for minor beneficiaries) from 1 July 2019, which is aimed at reducing tax minimisation and artificial income splitting to family members in lower tax brackets. Under the policy, distributions will be taxed at the greater of the beneficiary's marginal tax rate and 30%. Importantly this change will not apply to certain types of trusts including testamentary trusts, fixed trusts, cash management unit trusts, farm trusts and charitable and philanthropic trusts.

As an example, Andrew is a doctor and married to Emily who doesn't work. They have two adult children who attend university and who also don't work. Andrew earns $500,000 a year from his work, on which he pays tax at the top marginal tax rate. Andrew and Emily have a discretionary trust that generates $54,000 pa in investment income.

On the advice of their accountant and based on current rules, they attribute trust distributions of $18,000 to Emily, and $18,000 to each of their two children, who all pay no tax on their distributions because they have no other income and remain under the tax-free threshold. Under Labor's proposed rules, a minimum tax rate of 30% would apply to distributions to each of the beneficiaries resulting in a combined tax bill of $16,200.

What is the potential impact?

- The proposed change will have a significant impact on the net after tax returns that trusts provide and will require clients to assess how income is currently split between family members in the most tax efficient manner versus other investment entities that may be preferable from a tax perspective.
- Corporate beneficiaries may become increasingly popular given they pay tax at a maximum rate of 30%, (the same tax rate under the ALP's proposal) in addition to helping to mitigate beneficiary exposure to business and investment risk. Profits can be retained within a corporate beneficiary until retirement when franked dividends can be paid to shareholders to supplement retirement income.
- Whether or not this proposed change becomes law, discretionary trusts still retain benefits other than the tax advantages, which continue to make them useful tools for investing family wealth including the benefits of asset protection, succession.

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Cap on the Deduction for Cost of Managing Tax Affairs

Current law

An unlimited tax deduction is currently available for the costs of managing a person's tax affairs, which can include expenses relating to the preparation and lodgement of tax returns, obtaining tax advice and dealing with the ATO.

Proposed Labor Change

From 1 July 2019, the ALP has proposed limiting the tax deduction available for these costs to $3,000 per financial year. This proposal would apply to individuals, self-managed superannuation funds, trusts and partnerships but not companies.

What is the potential impact?

- This proposal does not prevent anyone from paying more than $3,000 for managing their tax affairs, however it means an investor will not be able to claim a tax deduction for spending over that amount.
- Many Australians will experience complex tax situations during their life time such as a capital gain event, divorce or an inheritance, which require planning and advice that could cost more than $3,000. In addition, with so many proposed changes to tax law likely to require advice, many individuals would readily exceed this proposed cap simply trying to understand the changes and manage their affairs accordingly. In these instances, any amount paid over $3,000 would not be tax deductible and may cause clients to shy away from obtaining advice they actually need.

Individual Tax Rates

In the short term, there is not a huge difference between the Coalition and Labor on income tax cuts with both committing to provide up to $1,080 by way of a low and middle income tax offset commencing with the 2018-19 financial year.

Liberal Proposals

Stage 1 – From 1 July 2018, increase the top threshold for the 32.5% tax bracket from $87,000 to $90,000, which is already legislated.

Stage 2 – From 1 July 2022, increase the top threshold for the 19% tax bracket from $41,000 to $45,000 and the top threshold for the 32.5% bracket from $90,000 to $120,000.

Stage 3 – From 1 July 2024, reduce the 32.5% tax rate to 30% which applies from $45,000 to $200,000. The 37% tax bracket would be removed entirely. The effect would be that everyone earning between $45,000 and $200,000 would face the same 30% marginal tax rate from 1 July 2024.

Proposed Labor Change

The ALP supports the Coalition's stage 1 tax cut and will match the $1,080 low and middle income tax offset, but has proposed not proceeding with stages two and three of the Coalition's tax cuts. In addition, Labor has proposed increasing the top marginal tax rate on income over $180,000 from 45% to 47% for an unspecified period of time.

What is the potential impact?

Over the next three years, there will not be a major difference in tax under the two plans for most individuals, however the big differences between the policies open up when we get to stages two and three. The current Government estimates 94% of taxpayers will pay a maximum tax rate of 30% or less in 2024-25 if their plan is fully implemented.

These changes are reflected in the following table:

Stage 1		Stage 2		Stage 3	
Current taxable income thresholds	Tax Rate	From 1 July 2022	Tax Rate	From 1 July 2024	Tax Rate
Up to $18,200	Nil	Up to $18,200	Nil	Up to $18,200	Nil
$18,201 - $37,000	19%	$18,201 - $45,000	19%	$18,201 - $45,000	19%
$37,001 - $90,000	32.5%	$45,001 - $120,000	32.5%	$45,001 - $200,000	30%
$90,001 - $180,000	37%	$120,001 - $180,000	37%	Removed	Removed
$180,001+	45%	$180,000+	45%	$200,000+	45%

Note: The above tax rates are for resident individuals and do not include the Medicare Levy.

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Proposed Superannuation Changes

The superannuation sector has been the subject of significant changes in the past two years. While the Coalition has no plans to make further significant changes, super will likely face another shakeup if Labor comes into power. The major proposals by the ALP are discussed below.

Non-concessional Contribution Cap (NCC) Cutback

Current Law and Proposed Labor Change

The ALP has proposed to reduce the annual non-concessional (after-tax) contribution cap from $100,000 pa to $75,000 pa. This also includes a reduction in the 'bring-forward' cap (ability to make more than $100,000 in a single year). This proposed change is summarised as follows:

Cap	Total superannuation balance (on 30 June of previous year)	Current Law Cap Amount	ALP Proposal Cap Amount
Annual Cap[1]	<$1.6m	$100,000	$75,000
Bring forward cap[1] (triggered from 2017/18)	$0 and $1,400,000	$300,000	$225,000
	$1,400,000 and $1,500,000	$200,000	$150,000
	$1,500,000 and $1,600,000	$100,000	$75,000
	$1,600,000+	Nil	Nil

What is the potential impact?

- Although no start date for this measure has been announced, there may be an influx in non-concessional contributions this financial year to take advantage of the higher contribution cap and in anticipation of a Labor change.
- In the event of a Labor Government, individuals will need to start planning for their retirement earlier as they would need to start making non-concessional contributions further out from retirement and/or consider alternative tax structures to invest in – for example investing personally, between spouses, in a discretionary family trust or in investment bonds.

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Catch-up Concessional Contributions Canned

Current Law

Since 1 July 2018, the concessional contribution cap carry forward rules allow clients to carry forward unused concessional cap amounts for up to five financial years, provided their total superannuation balance just prior to the year in which they want to access the unused cap amounts is less than $500,000. The 'catch up' contribution is the difference between the annual concessional contribution cap of $25,000 and the concessional contributions made by the client (or on their behalf) for the year and can be claimed as a personal tax deduction.

As an example, if you earned $80,000 and your employer contributed the compulsory superannuation guarantee of $7,600 (9.5% of $80,000), you would have an unused catch-up concessional contribution of $17,400 ($25,000 minus $7,600) that you can carry forward for the next five years.

Proposed Labor Change

The ALP has proposed to remove the ability for investors to carry forward unused concessional contribution cap amounts.

What is the potential impact?

- Labor's policy will impact those who have had interrupted work patterns and have been unable to make a full concessional contribution to their superannuation fund in a particular year. For example, this could impact parents taking time off work to raise children or those looking after a sick relative. Abolishing the catch-up regime will make it even harder to make meaningful contributions to superannuation and to close the savings gap.

Restricting Tax-deductible Contributions

Current Law

Clients can claim a tax deduction for personal contributions made to superannuation, regardless of work arrangements. The amount that can be claimed is subject to total concessional contributions (including any employer or salary sacrificed amounts) of $25,000 pa.

Proposed Labor Change

The ALP has proposed the ability for individuals to claim a tax deduction for personal superannuation contributions will be more restrictive and is likely to revert to rules in place prior to 1 July 2017. Under those previous rules, clients wanting to make personal tax-deductible contributions to superannuation must:

- Not have been an employee during the income year; or
- Have less than 10% of their assessable income attributable to employment.

What is the potential impact?

- If the eligibility criteria is re-introduced, the majority of Australia's full-time employees would be restricted to receiving only employer Superannuation Guarantee contributions and making salary sacrifice contributions. They would no longer be able to make contributions to superannuation claimed as a tax deduction through their tax return.
- Employees would once again be required to enter into a prospective salary sacrifice arrangement with their employer rather than having the flexibility to make a deductible contribution towards the end of the financial year depending upon their capacity and tax position.

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High Income Earners Targeted

Current Law

Under current rules, investors with adjusted taxable income exceeding $250,000 are required to pay an additional 15% tax on concessional contributions to superannuation, known as Division 293 tax. This means a total rate of tax of 30% is payable on concessional contributions after factoring in the 15% contributions tax deducted by the superannuation fund.

Proposed Labor Change

The ALP has proposed further reducing the income threshold at which the 30% Division 293 tax will apply from $250,000 to $200,000, meaning a greater number of individuals would be impacted.

What is the potential impact?

- More taxpayers could be caught by this reduced threshold than they realise because it is not just salary that counts towards the income threshold. The reduced income threshold of $200,000 includes taxable income, reportable fringe benefits, net investment losses and rental property losses together with total concessional contributions.
- In addition, taxpayers with one-off events that increase their income such as receiving an eligible termination payment or making a capital gain can push income over the threshold for the year resulting in additional tax payable.
- Despite the additional tax payable, individuals subject to Division 293 tax are still likely to benefit from using their full concessional contributions cap, as these contributions are effectively taxed at a maximum rate of 30% instead of the highest marginal rate (currently 45% plus the Medicare Levy or up to 47% plus the Medicare Levy if the ALP's tax changes come into effect).

Superannuation Guarantee

Current Law

Under current rules, the superannuation guarantee (SG) rate is set to increase from the 2021/22 financial year at 0.5% per year until it reaches 12% by the 2025/26 financial year.

Proposed Labor Change

The ALP has proposed fast-tracking the increase in the SG rate to 12% as soon as practicable. Once the goal of 12% has been achieved, the ALP then proposes to achieve its original objective of increasing the minimum rate to 15%. The ALP has also proposed eliminating the $450 per month income threshold below which SG contributions are not required, and paying SG contributions on the Government's paid parental leave scheme.

What is the potential impact?

- An increase in SG contributions provides more opportunity for retirees to achieve greater independence in retirement and may somewhat mitigate the financial burden and reliance on the age pension.
- For many employers, higher SG contributions will mean they must apply a portion of their budgeted salary increases to the superannuation increase which potentially results in lower wages to employees.

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Banning SMSF Borrowing

Current Law

A self-managed superannuation fund (SMSF) can borrow to invest using a Limited Recourse Borrowing Arrangement (LRBA) as long as the loan arrangement and the asset being acquired satisfy strict rules.

Proposed Labor Change

The ALP proposes to prohibit new LRBAs for residential property investment, however it is unclear as to whether the ban on borrowing will also apply to other investment assets such as commercial property. The proposal suggests that LRBAs in place prior to the law changes will be grandfathered.

What is the potential impact?

- Prohibiting SMSFs from borrowing will restrict the investment options available to SMSFs, but may also go some way towards reducing the higher levels of risk evident through concentrated exposure primarily to residential property.

Potential Coalition Superannuation Proposals

The following measures have been proposed by the current Government but are yet to be legislated:

- From 1 July 2020, Australians aged 65 and 66 will be able to make voluntary superannuation contributions without needing to meet a minimum work test. (The current requirement is to be gainfully employed for at least 40 hours over 30 consecutive days.)
- From 1 July 2020, the Government has proposed to extend access to the bring-forward rule (the ability to make after-tax contributions of up to $300,000 in one year) for members aged 65 and 66.
- From 1 July 2020, increase the age limit for individuals to receive spouse contributions from 69 to 74.
- To increase the SMSF member limit from four to six members to enable more families to take control of their retirement savings. The Labor party is strongly opposed to this measure.

Next steps

We eagerly await the outcome of the May 18 federal election to see which party will hold power. Even if Labor wins the election, they still need to secure parliamentary support for its legislative agenda as outlined above. Pre-emptive moves in anticipation of any changes can be dangerous.

For more detail on where these proposals intersect with your personal circumstances, speak to your Morgan Stanley financial adviser.

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Snapshot of Proposals:

	Potential Area of Change	Current Law	ALP Proposal
Tax Proposals	Franking Credit Refunds	Excess imputation credits refundable	Refunding of excess imputation credits abolished
	Capital Gains Tax Discount	50% capital gains tax discount available to individuals	25% capital gains tax discount available to individuals for new assets purchased from 1 January 2020. Existing assets grandfathered.
	Negative Gearing	Allowed on all investment assets – Investment losses can be deducted against any income (including salary and wages)	Allowed for new housing investments only – Investment losses incurred from other investment assets cannot be deducted against non-investment income (eg. wages). Effective for new assets purchased from 1 January 2020, existing assets grandfathered.
	Tax on Trust Distributions	Distributions taxed at beneficiary's marginal tax rate	30% minimum tax rate on trust distributions
	Deduction for Cost of Managing Tax Affairs	Unlimited tax deduction available	Tax deduction for cost of managing tax affairs limited to $3,000
	Individual Tax Rates	Stage 2 and Stage 3 tax cuts likely	Not supportive of Stage 2 and Stage 3 tax cuts – Increase in top marginal tax rate to 47%
Super Proposals	Non-concessional Contribution Cap	Non-concessional contribution cap of $100,000 or $300,000 over a 3 year period, subject to eligibility	Non-concessional contribution cap of $75,000 or $225,000 over a 3 year period, subject to eligibility
	Catch-up Concessional Contribution Cap	Unused concessional contributions can be carried forward for up to 5 years	No catch-up contributions allowed
	Tax-Deductible Contributions	Clients can claim a tax deduction for personal super contributions	The rules are likely to revert to the previous rules meaning clients must not have been an employee or received less than 10% of their assessable income from employment to be eligible to make personal tax deductible super contributions
	High Income Earners	Division 293 tax payable where income is >$250,000	Division 293 tax payable where income is >$200,000
	Superannuation Guarantee	Increase from the 2021/22 financial year at 0.5% until it reaches 12% by 2025/26	Fast tracking the increase in the SG rate to 12%
	SMSF Borrowing	SMSFs can borrow using a Limited Recourse Borrowing Arrangement	Limited Recourse Borrowing Arrangements to be prohibited

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