Tax and super

GESB Super, West State Super and Gold State Super

To request this document in an alternative format such as Braille, call us on 13 43 72 or use our Live chat service at gesb.wa.gov.au.

Important note

The information in this document forms part of the Product Information Booklets (PIBs) for GESB Super and West State Super, each dated 27 September 2023. You should read the important information in this document as part of the relevant PIB before making a decision.

This brochure outlines the areas where tax may be applied to your super. The Commonwealth Government provides tax incentives to encourage all working Australians to use super as a way of saving for their retirement. Various tax benefits and deductions are available when you and your employer contribute to your super fund. It's important that you understand how tax affects your super.

Tax is a complex area and we recommend you seek professional taxation or financial advice to suit your situation.

Taxed and untaxed funds

At GESB, we manage both taxed and untaxed super funds or schemes. The main difference between the two is the timing of when tax is deducted, which impacts the tax treatment of the money within your super.

Our taxed schemes are GESB Super and Retirement Income Pension (incorporating RI Allocated Pension and Transition to Retirement Pension), and our untaxed schemes are West State Super and Gold State Super.

The untaxed nature of our West State Super scheme means that, unlike most Australian super funds, West State Super does not pay income tax on any contributions or investment earnings that your super account receives while it accumulates. Instead, tax is payable on your benefit when it is paid to you. It's perhaps more helpful to call it a 'deferred tax'.

Contributions

How your contributions are taxed

Contributions are taxed differently depending on whether you are making contributions to a taxed or untaxed fund.

Tax on contributions to a taxed scheme (e.g. GESB Super)

Concessional contributions	General treatment
Concessional (before-tax) contributions	
• Employer contributions, like Superannuation Guarantee (SG) and salary sacrifice • Personal contributions for which a tax deduction is claimed	Taxed at 15% at the time the contributions are made, up to your concessional contributions cap. If you are a high-income earner whose income and low tax contributions exceed $250,000[1] then you may be liable for Division 293 tax (see page 6).

1 Effective from 1 July 2017.

Concessional contributions caps[2] for the 2023/24 financial year

This is an annual cap that limits the amount of concessionally-taxed contributions you and your employer can make each financial year.

Your general concessional contributions cap is $27,500 p.a.[3]

If you make contributions to super over your cap, then you may have to pay extra tax (see page 6).

Carry-forward concessional contributions

From 1 July 2019, the carry-forward rules allow you to make extra concessional contributions above the general concessional contributions cap. If you have a total super balance of less than $500,000 on 30 June of the previous financial year, you can 'carry forward' your unused concessional contributions cap amounts from previous financial years, starting from 1 July 2018. Unused cap amounts that have not been used after five years will expire.

For example, the general concessional contributions cap in the 2018/19, 2019/20 and 2020/21 financial years was $25,000. It was $27,500 for 2021/22 and 2022/23 financial years. If you made $15,000 of concessional contributions in each of 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23 you will have $55,000 of unused concessional contributions cap amounts carried forward that you can use to make additional concessional contributions above the general concessional contributions cap for 2023/24 financial year, provided your total super balance at the end of 30 June 2023 was less than $500,000. The 2018/19 unused cap amount of $10,000 that is not used by the end of 2023/24 will expire.[4]

Non-concessional contributions	General treatment
Non-concessional (after-tax) contributions • Personal contributions for which no tax deduction is claimed (i.e. from your after-tax salary) • Spouse contributions	No tax applies up to your non-concessional contributions cap • Non-concessional contributions can only be made within the cap if your total super balance is less than $1.9 million on 30 June of the previous financial year

Non-concessional contributions caps[2] for the 2023/24 financial year

If you make contributions to super over your cap, then you may have to pay more tax (see page 6).

Your non-concessional contributions cap is either:

- $110,000[5] p.a.
- If aged under 75 at any time in the financial year, you may be able to bring forward one or two years of contributions depending on your total super balance on 30 June of the previous financial year. If your total super balance is less than $1.68 million, you can bring forward two years of contributions i.e. $110,000 plus $220,000, giving you a cap of $330,000 over three years[6]. It's important to know that you will not be able to use your remaining cap in years two or three if your total super balance on 30 June before the start of the second or third year exceeds the general transfer balance cap ($1.9 million for the 2023/24 financial year). The general transfer balance cap[7] is tested each 30 June during the bring-forward period, rather than only on 30 June before the year in which you trigger the bring-forward

Your total super balance on 30 June of the previous financial year must be less than the general transfer balance cap for the present financial year ($1.9 million in 2023/24) in order to make non-concessional contributions without exceeding the non-concessional contributions cap. If your total super balance on 30 June of the previous financial year is equal to or greater than the general transfer balance cap for the present financial year, your non-concessional contributions cap will be nil.

Visit the Australian Taxation Office's (ATO) website at ato.gov.au for more information on making non-concessional contributions.

More information

Visit the Australian Taxation Office's (ATO) website at ato.gov.au for more information on making non-concessional contributions.

2 Contributions caps are applied per person, not per fund, which means contributions made to other funds are generally included in the caps.
3 For the 2023/24 financial year. The concessional contributions cap is indexed in line with Average Weekly Ordinary Time Earnings in increments of $2,500 (rounded down).
4 This example is for illustrative purposes only. You can view and manage your concessional contributions and carry-forward concessional contributions using the ATO's online services at my.gov.au.
5 For the 2023/24 financial year. This cap is equal to four times the general concessional contributions cap (which is currently $27,500).
6 Where the bring-forward rule has been triggered, the future years' entitlements are not indexed and the contributions must be made before you turn 75 or within the 28 days following the end of the month in which you turn 75 years old.
7 The general transfer balance cap is $1.9 million for the 2023/24 financial year and will be indexed periodically in line with the consumer price index (CPI), rounded down to the nearest $100,000.

Other contributions	General treatment
• Rollovers (transfers) from other funds containing an untaxed element • Government co-contributions • Downsizer contributions	• The untaxed element is taxed at 15% at the time the rollover is received • No tax applies to Government co-contributions or downsizer contributions **Downsizer contributions** If you're aged 55 or over and meet certain eligibility requirements, you can contribute up to $300,000 from the sale of your family home into your super account ($600,000 for couples). The downsizer contribution is not a non-concessional contribution and will not count towards your contributions caps. However, it will count towards your transfer balance cap. This cap applies when you move your super into a retirement phase income stream. For more information, read the ATO's 'Downsizing contributions into superannuation' factsheet at ato.gov.au.

Tax on contributions to an untaxed scheme (e.g. West State Super and Gold State Super)

Concessional contributions	General treatment
Concessional (before-tax) contributions	
• Employer contributions, like Superannuation Guarantee (SG) and salary sacrifice	No tax applies when the contribution is made. You are taxed at the time you access your benefit, including when you: • Withdraw your benefit at retirement • Transfer your super to a retirement income stream such as an allocated pension, or • Roll over to a taxed fund If you are a high-income earner and your income and low-tax contributions exceed $250,000[8], then you may be liable for Division 293 tax (see page 6).

Concessional contributions caps[9] for the 2023/24 financial year
This is an annual cap that limits the amount of concessionally-taxed contributions you and your employer can make each financial year. Concessional contributions made to constitutionally-protected funds, such as West State Super or Gold State Super, also count towards your concessional contributions cap, but are not capped within those schemes. That is, the annual cap does not limit the amount of concessional contributions you can make to a constitutionally-protected fund. However, since contributions to a constitutionally-protected fund count towards your annual cap, they do limit your ability to make further concessional contributions to other taxed schemes. For example, if $27,500 in concessional contributions were made to your West State Super account (including your employer contributions), you wouldn't be able to make any further concessional contributions to a taxed scheme without exceeding your cap. This applies unless you were entitled to make additional concessional contributions for any unused concessional contributions cap amounts carried forward. An untaxed plan cap of 1.705 million[10] per super fund applies to the untaxed element of your benefit in Gold State Super and West State Super. This is the amount that can be paid as a lump sum or rolled over to a taxed fund and still be subject to concessional tax treatment (see 'Tax on benefits' on page 5).

8 Effective from 1 July 2017.
9 Contributions caps are applied per person, not per fund, which means contributions made to other funds are generally included in the caps.
10 For the 2023/24 financial year, indexed annually in line with Average Weekly Ordinary Time Earnings, and rounded down to the nearest multiple of $5,000.

Non-concessional contributions	General treatment
Non-concessional (after-tax) contributions	
• Personal contributions for which no tax deduction is claimed (i.e. from your after-tax salary) • Spouse contributions (West State Super only)	• No tax applies up to your non-concessional contributions cap • Non-concessional contributions can only be made within the cap if your total super balance is less than $1.9 million on 30 June of the previous financial year

Non-concessional contributions caps[11] for the 2023/24 financial year

If you make contributions to super over your cap, then you may have to pay additional tax (see page 6).

Your non-concessional contributions cap is either:

- $110,000[12] p.a. or
- If aged under 75 at any time in the financial year, you may be able to bring forward one or two years of contributions depending on your total super balance on 30 June of the previous financial year. If your total super balance is less than $1.68 million you can bring forward two years of contributions i.e. $110,000 plus $220,000, giving you a cap of $330,000 over three years[13]. It's important to know that you will not be able to use your remaining cap in years two or three if your total super balance on 30 June before the start of the second or third year exceeds the general transfer balance cap ($1.9 million for the 2023/24 financial year). The general transfer balance cap[14] is tested each 30 June during the bring-forward period, rather than only on 30 June before the year in which you trigger the bring-forward

Your total super balance on 30 June of the previous financial year must be less than the general transfer balance cap[13] of $1.9 million, or you cannot make non-concessional contributions without exceeding the non-concessional contributions cap. If your total super balance on 30 June of the previous financial year is equal to or greater than the general transfer balance cap for the year, your non-concessional contributions cap will be nil.

Visit ato.gov.au for more information on making non-concessional contributions.

Other contributions – West State Super only:	General treatment
• Roll overs containing an untaxed element	No tax applies when the contribution is made. You are taxed at the time you withdraw your benefit or rollover to a taxed fund.
• Government co-contributions	No tax applies to Government co-contributions or downsizer contributions.
• Downsizer contributions	Please refer to the information on page 3 for information on downsizer contributions.

Tax essentials

Tax on investment earnings

The way your investment earnings are taxed depends on the type of account of you have with us.

GESB Super

Taxed schemes, including GESB Super, are required to pay tax on investment earnings. The tax will generally be applied at a maximum rate of 15% and will be reflected in the unit price of each investment plan for GESB Super.

West State Super and Gold State Super

No tax is applied to investment earnings for untaxed schemes. Tax only applies when you withdraw your super or when you roll over your benefit to a taxed fund or a retirement income stream.

Contributions Tax Rebate

Taxed schemes, like GESB Super, can claim certain tax deductions from their assessable income, which reduces the tax liability of the fund. GESB Super credits this tax benefit to your account as a Contributions Tax Rebate. The rebate is 15% of the administration, insurance and other relevant fees charged to your account. We reimburse this tax benefit to you annually or when you leave the scheme.

11 Contributions caps are applied per person, not per fund, which means contributions made to other funds are generally included in the caps.
12 For the 2023/24 financial year. This cap is equal to four times the general concessional contributions cap (which is currently $27,500).
13 Where the bring-forward rule has been triggered, the future years' entitlements are not indexed and the contributions must be made before you turn 75 or within the 28 days following the end of the month in which you turn 75 years old.
14 The general transfer balance cap is $1.9 million for the 2023/24 financial year and will be indexed periodically in line with the consumer price index (CPI), rounded down to the nearest $100,000.

Tax on benefits

Once you can access your super, the tax treatment of your benefit will depend on three things:

- How your benefit is paid to you
- Your age
- The components of your benefit

The benefit can be paid as a lump sum, rolled over to a complying super fund, or it can be taken as a retirement income stream. A transfer balance cap applies to transfers to retirement phase income products, such as our RI Allocated Pension. If you start a retirement phase income stream for the first time in the 2023/24 financial year, your cap will be $1.9 million. If you had a transfer balance account before 1 July 2023, proportional indexation may apply, which means your personal cap will be between $1.6 million and $1.9 million, depending on your personal circumstances. The ATO will calculate your entitlement to indexation and your transfer balance cap after indexation. You can check your cap in your ATO online services account at my.gov.au. For more information, visit the ATO website at ato.gov.au/individuals/super.

Tax payable on lump-sum benefits

Even if you have an untaxed super account, your super has tax-free and taxable components. You don't need to pay any tax on the tax-free component, only on the taxable component.

Here is how tax applies to how your benefit is paid to you.

GESB Super

- Lump sum – if you take your benefit as a lump sum, it is taxed according to the components that make up your benefit and your age at the time of withdrawal (see the 'Tax payable on lump-sum benefits' table below)
- Roll over your benefit – if you roll over all or any portion of your benefit to another super fund, no tax will apply at the time of transfer
- Income stream – if you transfer your super to an allocated pension to receive an income stream, no tax will apply at the time of transfer

West State Super and Gold State Super

- Lump sum – if you take your benefit as a lump sum, it is taxed according to the components that make up your benefit and your age at the time of withdrawal (see the 'Tax payable on lump-sum benefits' table below)
- Roll over your benefit – if you roll over all or any portion of your benefit to a taxed super fund, you will be taxed on the 'taxable component – untaxed element' by the new fund at a rate of 15% when it is received. However, if you exceed your untaxed plan cap for your super fund (i.e. $1.705 million for the 2023/24 financial year, indexed annually) then 47% tax (including 2% Medicare Levy) will be deducted on the excess before rolling over your money. The excess amount after tax is included in the tax-free component
- Income stream – if you transfer your super to an allocated pension to receive an income stream, the tax treatment will be the same as if you rolled over to a taxed fund

See our 'Retirement Income Pension Product Information Booklet' at gesb.wa.gov.au/brochures for more information on tax on a retirement income stream.

Tax payable on lump-sum benefits

	GESB Super		West State Super and Gold State Super	
	Age	**Maximum tax withheld (including Medicare Levy)**	**Age**	**Tax withheld (including Medicare Levy)**
Taxable component – taxed element	Under Commonwealth preservation age[15]	22%	Under Commonwealth preservation age[15]	22%
	Commonwealth preservation age[15] – 59	First $235,000[16] = 0% Balance = 17%	Commonwealth preservation age[15] – 59	First $235,000[16] = 0% Balance = 17%
	60+	Nil	60+	Nil
Taxable component – untaxed element	N/A		Under Commonwealth preservation age[15]	First $1,705,000[16] = 32% Balance = 47%
	N/A		Commonwealth preservation age[15] – 59	First $235,000[16] = 17% From $235,000[16] up to $1,705,000[16] = 32% Balance = 47%
	N/A		60+	First $1,705,000[16] = 17% Balance = 47%

15 Your Commonwealth preservation age depends on your date of birth. See the 'Commonwealth preservation age' section on page 7.
16 For the 2023/24 financial year, indexed annually in line with Average Weekly Ordinary Time Earnings, and rounded down to the nearest multiple of $5,000.

Tax on super death benefits

Different tax treatment will apply upon death. If you pass away before you withdraw or roll over your super, we pay your super to your death benefit nominee(s), in accordance with your binding death benefit nomination, or to your estate if no valid binding death benefit nomination is in place. We may pay your benefit to other individuals where permitted. If we make payment to your estate, we do not withhold any tax as your estate is responsible for paying all taxes. Generally, death benefits paid as a lump sum are tax free, provided the benefit is paid to a dependant. A dependant includes a spouse (including a de facto partner, or former spouse), a child aged under 18 (including an adopted child, a step child, or ex-nuptial child), any person who is financially dependent on you, and any person with whom you have an interdependent relationship.

If the death benefit is paid to a non-dependant, the taxable component will be subject to a maximum 17% tax on the 'taxed element' and 32% on the 'untaxed element'[17].

Tax on super payments to departing temporary residents

If you are a temporary resident who is permanently departing Australia, different tax treatment will apply when your super is paid. The tax treatment will depend on the type of visa(s) held. Visit the ATO website at ato.gov.au for more information on how to claim or how these payments are taxed.

Other considerations

Exceeding your contributions caps

If you make contributions to super over your caps, you may have to pay more tax. If you exceed your contributions caps, the ATO will contact you and outline your options.

Non-concessional contributions cap

Non-concessional contributions that exceed the non-concessional contributions cap are subject to excess non-concessional contributions tax. The excess non-concessional contributions tax is currently 47%. You can elect to release the excess non-concessional contributions from super rather than be subject to excess non-concessional contributions tax.

If you do elect to release, the total release amount will be the excess non-concessional contributions plus 85% of the earnings associated with the excess non-concessional contributions. The full earnings will be included in your assessable income and taxed at your marginal tax rate (plus Medicare Levy). You will be entitled to a non-refundable tax offset of 15% on this amount.

The amount of the earnings is not the actual amount of earnings generated by your super fund. It is based on a legislative formula (referred to as 'associated earnings amount')[18]. For more information, please visit the ATO website at ato.gov.au.

Unlike excess concessional contributions, any excess non-concessional contributions refunded are not included in your assessable income, as they would generally have come from your after-tax money.

We strongly recommend that you seek taxation or personal financial advice to determine which option is suitable for you.

Concessional contributions cap

Excess concessional contributions are no longer subject to excess concessional contributions tax. The amount is included in your assessable income and taxed at your marginal tax rate. You are entitled to a 15% tax offset to account for the contributions tax already paid on the excess amount.

You may also have to pay an interest charge, called the excess concessional contributions (ECC) charge. The ECC charge recognises that the tax on the excess concessional contributions is collected later than normal income tax. It applies in relation to excess concessional contributions made on or before 30 June 2021. The ECC charge does not apply to excess concessional contributions for 2021/22 financial year or later financial years.

You might choose to have up to 85% of your excess concessional contributions for a financial year refunded from super to help to pay your income tax assessment when you have excess concessional contributions. The excess concessional contributions withdrawn from your super scheme will also no longer count towards your non-concessional contributions cap.

Division 293 tax for high income earners

Concessional contributions are generally taxed at the concessional rate of 15%. However, if you are a high-income earner, you may be taxed an additional 15% on certain super contributions. This is known as Division 293 tax.

How does it work?

If the sum of your 'income[19] and 'low-tax contributions'[20] exceeds the high-income threshold of $250,000 for the 2017/18 financial year or later financial years, an additional 15% tax is paid on your 'taxable contributions' (which are the lesser of your low tax contributions, or the amount of excess above the $250,000 threshold)[21].

'Low-tax contributions' generally refer to those contributions that are concessionally taxed in super. For the avoidance of doubt, Division 293 tax does not apply to excess concessional contributions. The terms 'income' and 'low-tax contributions' are defined for Division 293 tax purposes. Please visit the ATO website at ato.gov.au for more information on what is included and excluded.

All super funds report details of all contributions they have received to the ATO. The ATO uses this contribution information plus your individual tax return to determine who is liable for Division 293 tax. The ATO administers the Division 293 tax and should be the main contact for enquiries about the tax. This is a complex area and we recommend that you seek your own tax or financial advice if you are impacted by this tax.

17 The rates include 2% Medicare Levy.
18 The calculation of the associated earnings amount is performed by the ATO, utilising the General Interest Charge (GIC) rates for the four quarters of the relevant financial year the excess non-concessional contributions were made. To see the current rates, visit ato.gov.au.
19 Income is calculated as your taxable income plus other adjustments, such as reportable fringe benefits and investment losses. Please visit the ATO website at ato.gov.au to understand what is included and excluded.
20 Low-tax contributions generally refer to those contributions that are concessionally taxed in super. Please visit the ATO website at ato.gov.au to understand what is included and excluded.
21 Provided the amount of your low tax contributions is greater than $0.

Does it apply to West State Super and Gold State Super?

Yes, low-tax contributions include concessional contributions made to tax-exempt constitutionally-protected funds. This includes West State Super and Gold State Super. For defined benefit super funds, such as Gold State Super, there are special rules for how the low-tax contributions are calculated. As employer contributions to defined benefit funds are notional, this amount must be determined before the Division 293 liability can be assessed.

Are there any other special rules?

There are also special rules for Commonwealth judges and justices, and certain state higher-level office holders. Visit ato.gov.au for a definition of 'state higher-level office holder' and to find out more about the special rules that apply.

How does the ATO collect the tax from you?

The ATO determines who is liable for Division 293 tax and, if you are liable, will issue a Division 293 tax assessment to you. The payment of all Division 293 tax is your responsibility. You will receive a release authority form with the notice of assessment which you can use to authorise us to release money directly to the ATO to pay some or all of your Division 293 tax liability. This does not apply to a defined benefit super fund, such as Gold State Super.

A Division 293 tax assessment for accumulation schemes, like GESB Super and West State Super, needs to be paid by the due date, which will usually be 21 days after you receive a notice of assessment from the ATO.

For defined benefit schemes, such as Gold State Super, the Division 293 tax can be deferred. This is because money cannot generally be released from a defined benefit account until a super benefit is paid, usually upon retirement.

The ATO will establish a debt account for deferred Division 293 tax amounts. At the end of each financial year, the ATO will apply interest at the long-term bond rate to the balance in the debt account. You can choose to make a voluntary payment to the ATO to reduce the balance of your Division 293 debt account.

Your Division 293 debt account will not close until a super benefit is paid from the defined benefit super interest it is attributed to. This is known as the 'end benefit'.
We recommend that you seek professional advice before making any voluntary payments.

Please note if you have a Division 293 tax debt account with the ATO and you commence a transition to retirement strategy, this triggers an end benefit cap calculation and means your Division 293 tax debt will become immediately payable to the ATO.

Visit ato.gov.au for more information on the payment of Division 293 tax, including examples on how Division 293 tax is calculated.

Crystallisation of benefit components in untaxed funds

If you're in Gold State Super or West State Super and have a service period that commenced before 1 July 1983, then any withdrawal or roll over to a taxed fund will trigger the crystallisation of the pre-1 July 1983 amount for the untaxed element in the fund.

For more information, read our 'Pre-1 July 1983 service for untaxed super funds' fact sheet at gesb.wa.gov.au/factsheets or call your Member Services Centre on 13 43 72.

Superannuation Contributions Surcharge

The government abolished the Superannuation Contributions Surcharge, backdated to 1 July 2005. This does not affect any surcharge tax liabilities you have that relate to a period before 1 July 2005. If you are advised by the ATO that you have a Superannuation Surcharge Tax liability, you'll need to pay this tax when you access your Gold State Super or West State Super benefits.

We provide a facility for you to make the surcharge payment in a tax-effective manner. You can authorise us to withhold part of your Final Benefit[22] to meet your surcharge liability. This amount will be deducted tax free from your Final Benefit so you can pay your surcharge liability to the ATO.

If you would like to take advantage of this facility, complete the relevant 'Benefit access' form at gesb.wa.gov.au/forms, or download our 'Retirement Income Pension Product Information Booklet' at gesb.wa.gov.au/brochures to complete our 'Retirement Income Pension application' form.

For more information, read our 'Superannuation Contributions Surcharge' fact sheet at gesb.wa.gov.au/factsheets or call your Member Services Centre on 13 43 72.

Commonwealth preservation age

There are certain conditions you must meet before you can access your super. These rules have been put in place so that your super is only used to support you in your retirement, and preserve your super until you reach your Commonwealth preservation age (or until certain other conditions are met). For most members, you'll be able to access your super once you reach age 65, or once you've reached your preservation age and permanently retire. Your preservation age depends on your date of birth.

The following Commonwealth preservation ages apply.

Your date of birth	Commonwealth preservation age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
After 30 June 1964	60

For Gold State Super members, please be aware that you may pay more tax if you access your benefit too early. Your benefit is taxed according to your Commonwealth preservation age, which is different to the age at which you can access your benefit in Gold State Super. For more information, visit gesb.wa.gov.au/brochures and read our 'Gold State Super Essentials' brochure.

22 See our 'Gold State Super essentials' brochure at gesb.wa.gov.au/brochures for a full list of defined terms.

How to contact us

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