



# **Superannuation Budget Measures Act 2004**

**No. 106, 2004**

**An Act to amend laws relating to superannuation,  
and for related purposes**

Note: An electronic version of this Act is available in SCALEplus  
(<http://scaleplus.law.gov.au/html/comact/browse/TOCN.htm>)



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# Superannuation Budget Measures Act 2004

No. 106, 2004

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## **An Act to amend laws relating to superannuation, and for related purposes**

[Assented to 30 June 2004]

The Parliament of Australia enacts:

### **1 Short title**

This Act may be cited as the *Superannuation Budget Measures Act 2004*.

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## **2 Commencement**

This Act commences on the day on which it receives the Royal Assent.

## **3 Schedule(s)**

Each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

## **Schedule 1—Extension of the Government's superannuation co-contribution**

### ***Superannuation (Government Co-contribution for Low Income Earners) Act 2003***

#### **1 Subsection 9(1)**

Repeal the subsection, substitute:

- (1) The amount of the Government co-contribution in respect of a person for an income year is:
  - (a) for the 2003-04 income year—an amount equal to the sum of the eligible personal superannuation contributions the person makes during the income year; and
  - (b) for the 2004-05 income year or a later income year—an amount equal to 150% of the sum of the eligible personal superannuation contributions the person makes during the income year.

#### **2 Subsection 10(1)**

Omit “an income year”, substitute “the 2003-04 income year”.

#### **3 After subsection 10(1)**

Insert:

- (1A) The amount of the Government co-contribution in respect of a person for the 2004-05 income year or a later income year must not exceed the maximum amount worked out using the following table:

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<b>Maximum Government co-contribution</b>		
<b>Item</b>	<b>Person's total income for the income year</b>	<b>Maximum amount</b>
1	the lower income threshold or less	\$1,500

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**Maximum Government co-contribution**

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<b>Item</b>	<b>Person's total income for the income year</b>	<b>Maximum amount</b>
2	more than the lower income threshold but less than the higher income threshold	\$1,500 reduced by 5 cents for each dollar by which the person's total income for the income year exceeds the lower income threshold

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**4 Subsection 10(2)**

Omit "Subsection (1)", substitute "Subsections (1) and (1A)".

**5 Subsections 10A(2) and (3)**

Repeal the subsections, substitute:

- (2) The *lower income threshold* for an income year is:
- (a) for the 2003-04 income year—\$27,500; or
  - (b) for the 2004-05 income year or a later income year before the 2007-08 income year—\$28,000; or
  - (c) for the 2007-08 income year—\$28,000 multiplied by the indexation factor for that income year; or
  - (d) for a later income year—the amount of the lower income threshold for the previous income year multiplied by the indexation factor for that later income year.
- (3) The *higher income threshold* for an income year is:
- (a) for the 2003-04 income year—\$40,000; or
  - (b) for the 2004-05 income year or a later income year before the 2007-08 income year—\$58,000; or
  - (c) for the 2007-08 income year or a later income year—the sum of:
    - (i) the lower income threshold for that income year; and
    - (ii) \$30,000.

**6 Application of amendments**

The amendments made by this Schedule apply to the 2004-05 income year and later income years.

## **Schedule 2—Superannuation surcharge**

### **Part 1—Amendments related to reduction of the surcharge rate**

#### ***Superannuation Contributions Tax Imposition Act 1997***

##### **1 Subsection 5(1AA) (definition of *maximum surcharge percentage*)**

Repeal the definition, substitute:

*maximum surcharge percentage* means:

- (a) for the 2003-2004 financial year—14.5%; and
- (b) for the 2004-2005 financial year—12.5%; and
- (c) for the 2005-2006 financial year and later financial years—10%.

#### ***Superannuation Contributions Tax (Members of Constitutionally Protected Superannuation Funds) Imposition Act 1997***

##### **2 Subsection 5(1A) (definition of *maximum surcharge percentage*)**

Repeal the definition, substitute:

*maximum surcharge percentage* means:

- (a) for the 2003-2004 financial year—14.5%; and
- (b) for the 2004-2005 financial year—12.5%; and
- (c) for the 2005-2006 financial year and later financial years—10%.

#### ***Termination Payments Tax Imposition Act 1997***

**Schedule 2** Superannuation surcharge

**Part 1** Amendments related to reduction of the surcharge rate

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**3 Subsection 5(1AA) (definition of *maximum surcharge percentage*)**

Repeal the definition, substitute:

*maximum surcharge percentage* means:

- (a) for the 2003-2004 financial year—14.5%; and
- (b) for the 2004-2005 financial year—12.5%; and
- (c) for the 2005-2006 financial year and later financial years—10%.

## **Part 2—Amendments related to reduction of the surcharge cap**

### ***Defence Force Retirement and Death Benefits Act 1973***

#### **4 Paragraphs 6C(3)(c) and (d)**

Repeal the paragraphs, substitute:

- (c) 12.5% of the employer-financed component of any part of the benefits payable to the member that accrued in the 2004-2005 financial year;
- (d) 10% of the employer-financed component of any part of the benefits payable to the member that accrued after 30 June 2005.

### ***Parliamentary Contributory Superannuation Act 1948***

#### **5 Paragraphs 4E(3)(c) and (d)**

Repeal the paragraphs, substitute:

- (c) 12.5% of the employer-financed component of any part of the benefits payable to the person that accrued in the 2004-2005 financial year;
- (d) 10% of the employer-financed component of any part of the benefits payable to the person that accrued after 30 June 2005.

### ***Superannuation Act 1976***

#### **6 Paragraphs 80A(3)(c) and (d)**

Repeal the paragraphs, substitute:

- (c) 12.5% of the employer-financed component of any part of the benefits payable to the person that accrued in the 2004-2005 financial year;
- (d) 10% of the employer-financed component of any part of the benefits payable to the person that accrued after 30 June 2005.

***Superannuation Contributions Tax (Application to the Commonwealth—Reduction of Benefits) Act 1997***

**7 Paragraphs 4(2A)(c) and (d)**

Repeal the paragraphs, substitute:

- (c) 12.5% of the employer-financed component of any part of the benefits payable to the member that accrued in the 2004-2005 financial year;
- (d) 10% of the employer-financed component of any part of the benefits payable to the member that accrued after 30 June 2005.

***Superannuation Contributions Tax (Members of Constitutionally Protected Superannuation Funds) Assessment and Collection Act 1997***

**8 Subparagraphs 15(6)(b)(iii) and (iv)**

Repeal the subparagraphs, substitute:

- (iii) 12.5% of the employer-financed component of any part of the benefits payable to the member that accrued in the 2004-2005 financial year;
- (iv) 10% of the employer-financed component of any part of the benefits payable to the member that accrued after 30 June 2005.

**9 Subparagraphs 15(6AA)(d)(iii) and (iv)**

Repeal the subparagraphs, substitute:

- (iii) 12.5% of the employer-financed component of any part of the benefits that would have been payable to the member but for the payment split and that accrued in the 2004-2005 financial year;
- (iv) 10% of the employer-financed component of any part of the benefits that would have been payable to the member but for the payment split and that accrued after 30 June 2005.

**10 Subparagraphs 15(6A)(b)(iii) and (iv)**

Repeal the subparagraphs, substitute:

- (iii) 12.5% of the employer-financed component of any part of the value of the age retirement benefits of the member when the fund ceased to be a constitutionally protected superannuation fund that accrued in the 2004-2005 financial year;
- (iv) 10% of the employer-financed component of any part of the value of the age retirement benefits of the member when the fund ceased to be a constitutionally protected superannuation fund that accrued after 30 June 2005.

## **Part 3—Application**

### **11 Application of amendments**

- (1) The amendments made by Part 1 of this Schedule apply in relation to liability to surcharge in respect of the 2004-05 financial year and later financial years.
  - (2) The amendments made by items 4 to 9 of this Schedule apply in relation to benefits that become payable on or after 1 July 2004.
  - (3) The amendment made by item 10 of this Schedule applies in relation to superannuation funds that cease to be constitutionally protected superannuation funds on or after 1 July 2004.
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*[Minister's second reading speech made in—  
House of Representatives on 13 May 2004  
Senate on 15 June 2004]*

(74/04)

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