

# Spouse contributions

We allow members to make contributions on behalf of their spouse. If eligible spouse contributions are made and a spouse is not working or is a low-income earner, the contributing partner may be able to claim a tax offset.

## Who is a spouse?

'Spouse' refers to both a legal or a de facto spouse, but does not include a person who lives separately and apart from the taxpayer on a permanent basis, even though legally married to the taxpayer.

## How much can you contribute?

You can choose an amount to contribute on behalf of your spouse and may be able to claim a full or partial tax offset subject to a maximum limit set by the Government. More details are available in the section below.

## How does the spouse tax offset work?

The spouse tax offset applies to 'after-tax' contributions made by a taxpayer for a spouse subject to the following conditions:

- Your spouse was under 75 years of age.
- Your spouse must not have exceeded their non-concessional contributions cap for the relevant year, or already have a total super balance equal to or exceeding the transfer balance cap of \$1.9 million for the 2023-24 financial year.
- You made the contributions to a complying super fund.
- The contributing member and spouse are residents of Australia.
- When making the contributions, the contributing member and the spouse were not living separately and apart on a permanent basis.
- You cannot claim a tax deduction when making a spouse contribution. Contributions to your own fund, which you split to a spouse, are not eligible for a tax offset (this is a rollover or transfer, not a contribution).
- You cannot claim a tax offset when contributions are made to satisfy your spouse's entitlements under a family law obligation.

The tax offset amount is calculated as 18 cents for each \$1 contributed. The maximum offset of \$540 for contributions of \$3,000 or more reduces where the spouse's assessable income is above \$37,000 and cuts out where income is above \$40,000.

Making a spouse contribution can be valuable to both the giving and receiving spouse. It effectively allows two people to build up tax-exempt components in their own names.

A tax-exempt component is tax-free when received as a lump sum benefit or as pension payments (when a pension is purchased with super benefits). In addition super or pension benefits received from age 60 onwards are tax free.

If the receiving spouse is due to retire or meets a condition of release, this could be of benefit to the couple as it may offer them additional lifestyle options.

### Other advantages

- Adding to your spouse's super helps boost their savings for retirement. It can be particularly helpful if they have stopped working or on reduced hours.
- In some cases, being able to claim a tax offset up to \$540 reduces the contributor's PAYE tax liability.
- It is a way to split assets, which may have certain tax and social security benefits.
- Investing in a concessional tax environment (a maximum of 15% inside super compared to the investor's marginal tax rate).
- The contributions may assist in covering the cost of insurance premiums inside your spouse's superannuation account. Insurance costs generally increase as you get older so it can help reduce the eroding effects of these costs on a smaller account balance.

### Spouse contribution splitting

Depending on your age, splitting contributions with your spouse may reduce your personal tax. You can split or transfer your concessional contributions to your spouse's super account, provided you meet relevant criteria in superannuation laws. You should obtain your own taxation and financial advice about contribution splitting. Call us if you wish to split contributions with your spouse.

For more information, see the *Contribution splitting factsheet* at [smartmonday.com.au](https://www.smartmonday.com.au).

### Need more information?

For more information on these and other superannuation incentives see the Australian Taxation Office website at [ato.gov.au/super](https://www.ato.gov.au/super) or call them on 13 10 20.

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