



Minister for Finance Acting Assistant Treasurer

Mr Theo Marinis
Financial Strategist and Authorised Representative
Marinis Financial Group
67 Kensington Road
NORWOOD SA 5067

Dear Mr Marinis

Thank you for your letter of 14 February 2014 originally directed to Senator Sinodinos, concerning the case for further reform of the excess contributions tax rules. I am writing to you in my capacity as Acting Assistant Treasurer. I sincerely apologise for the delay in responding to you.

The Government recognises that a number of Australians are taxed punitively for genuine unintentional errors where their voluntary superannuation contributions exceed the non-concessional cap. Currently superannuation contributions in excess of the non-concessional cap are taxed at the top marginal tax rate.

The Government has announced in the Budget that it will allow individuals the option of withdrawing all superannuation contributions in excess of the non-concessional contributions cap and the associated earnings. If an individual chooses this option, no excess contributions tax will be payable, with only the earnings to be taxed at the individual's marginal tax rate. This measure will apply to contributions made on or after 1 July 2013.

This measure delivers on the Government's election commitment to address all inadvertent breaches of the contribution caps where the error would result in a disproportionate penalty. It achieves the Government's objective in the most effective way and is broadly consistent with the treatment of contributions in excess of the concessional contributions cap. Final details of the policy will be settled following consultation with stakeholders in the superannuation industry.

The Government understands that an individual may still have an excess contribution as a result of an inadvertent triggering of the bring-forward rule. However, the Government's reform will enable the individual to unwind the effects of the inadvertent contribution and to avoid the disproportionate penalty that would have previously applied.

I trust this information will be of assistance to you.

Kind regards

A large, stylized handwritten signature in blue ink, consisting of the letters 'M' and 'C' connected together.

MATHIAS CORMANN

7 July 2014