

## Temporary reduction in the Government co-contribution

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4 June 2009

***Tax Laws Amendment (2009 Measures No.1) Bill 2009 (the Bill)*** was recently passed by Parliament and has received royal assent.

**Schedule 2 to the Bill 2009 amends the Superannuation (Government Co-contribution for Low Income Earners) Act 2003 (Co-contribution Act) to reduce the matching rate and maximum co-contribution for eligible personal superannuation contributions made in the 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 income years, as shown here.**

*Source:*

Australian Tax Office, Tax Laws Amendment (2009 Measures No.1) Bill 2009: Reforms to income tests, 25 May 2009.  
<http://www.ato.gov.au/taxprofessionals/content.asp?doc=/content/00180855.htm>.

As indicated in the recent budget announcement, for the 2009-10, 2010-11, 2011-12 income years, eligible personal superannuation contributions will be matched at one dollar for every dollar contributed up to the maximum co-contribution of \$1,000 for individuals on incomes at or below the lower income threshold.

The maximum co-contribution will be reduced by 3.333 cents for each dollar by which an individual's total income for the income year exceeds the lower income threshold.

For the 2012-13 and 2013-14 income years, eligible personal superannuation contributions will be matched at \$1.25 for every dollar contributed up to a maximum co-contribution of \$1,250 for individuals at or below the lower income threshold.

The maximum co-contribution will be reduced by 4.167 cents for each dollar by which the individual's total income for the income year exceeds the lower income threshold.

For the 2014-15 and later income years, eligible personal superannuation contributions will be matched at \$1.50 for each dollar contributed up to a maximum Government co-contribution of \$1,500 for individuals on incomes at or below the lower income threshold.

The maximum co-contribution will be reduced by 5 cents for each dollar by which the individual's total income for the income year exceeds the lower income threshold.

There will be no change to the indexation provisions. Accordingly, the lower and higher income thresholds are \$31,920 and \$61,920 respectively in 2009-10.

The lower income threshold is indexed annually to average weekly ordinary time earnings (AWOTE) and the higher income threshold is increased by the indexation increase in the lower income threshold for that year.

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