

Non-concessional Contributions

A Non-concessional Contribution (NCC) is a personal contribution made to a superannuation fund by an individual for their own benefit or for the benefit of their spouse or children under 18 years of age.

NCCs are generally made from after-tax income, from savings, and from the sale of other investments and assets. NCCs may also be made from inheritances, gifts, and windfalls.

Non-concessional contributions can be made up until the 28th day of the month following that in which they turned 75.

Where a tax deduction will be claimed for personal contributions, they are treated as a concessional contribution.

NCC Limits

The annual limit or 'cap' that applies to NCCs is \$110,000 per annum, however up to three years contributions may be made in a single year in certain circumstances.

A NCC can only be made for an individual where they have a 'total superannuation balance' of less than \$1.7m.

The total superannuation balance is the sum of all amounts a person has in superannuation at the previous 30 June. This includes amounts held in both accumulation accounts and accounts paying a pension or income stream. Where a person is a member of a defined benefit or constitutionally protected fund, special rules apply to determine their total superannuation balance.

Three-year bring forward rule¹

Provided a person was under the age of 74 at the start of the financial year in which they intend to make a NCC, they may be able to bring forward up to three years contributions. The three-year bring forward rule is triggered when NCCs in a financial year exceed \$110,000. When this occurs, the maximum that may then be contributed over the course of the next two financial years is \$330,000, less NCCs made in years 1 (and 2).

If triggered in a previous year, the remaining balance of the three-year cap may be contributed, subject to meeting the general rules relating to contributions, including having a total superannuation balance of less than \$1,700,000..


Where a person has a total superannuation balance of \$1,480,000 or more, the amount that can be contributed under the three-year bring forward rule is scaled back as shown in the following table:

Total superannuation balance	Maximum NCC
Less than \$1,480,000	\$110,000 + 2 years = \$330,000
\$1,480,000 to \$1,589,999	\$110,000 + 1 year = \$220,000
\$1,590,000 to \$1,699,999	\$110,000
\$1,700,000 or more	\$0

Taxation of NCC's

When a NCC is made to a superannuation fund it is not taxable in the fund. 100% of the contribution, less any entry fee charged by the fund (if applicable) is invested for the benefit of the person from whom the contribution is made.

¹ Where the three-year bring forward was triggered prior to 1 July 2021, different limits apply.



NCC form part of an individual's tax-free component within super. When the tax-free component is paid as either a lump sum or as an income stream, the benefit is tax-free in the hands of the recipient.

Investment earnings that accrue on the tax-free component of a benefit are added to the taxable component where the fund is in the accumulation phase and is apportioned between an individual's taxable and tax-free components when the fund is paying an income stream.

Exceeding the NCC cap

If NCCs exceed the allowable cap, the Australian Taxation Office will issue an excess NCC determination. Provided an election is made to withdraw the excess NCCs together with associated earnings, which are taxed at an individual's marginal tax rate, no other penalty is applied. A 15% tax offset is provided to compensate for the tax paid by the superannuation fund on the associated earnings.

Where an election is not made within the prescribed time (within 60 days of the date the determination was issued), the Australian Taxation Office will tax the excess NCCs at a rate of 47%. The Australian Taxation Office has the power to order the compulsory release of excess NCCs from a superannuation, where the election is not made by the member of the fund.

Benefits of NCC's

Making NCCs to superannuation can assist increasing retirement savings and by adding a member's tax-free component.

This may result in a member receiving tax-free lump sum and income stream benefits from their fund. Where member of a superannuation passes away, the tax-free portion of their accumulated savings is tax-free when paid to their legal personal representative (i.e. their Estate) or directly to other beneficiaries.

People making NCCs may be eligible to receive a Government co-contribution and/or the spouse contribution tax offset.

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