

## CONCESSIONAL CAP TAX STEP BY STEP GUIDE

### What is a concessional contribution?

Every worker in NSW has a \$27,500 limit on superannuation contributions (from both employer and employee) that can be taxed concessionally (15%). Any contributions that exceed this amount attract marginal rate of taxation.

### Why am I exceeding the cap when my superannuation contributions are not exceeding \$27,500?

The ATO considers Police Blue Ribbon Insurance (PBRI) contributions (both employee and employer contributions), for taxation purposes, as concessional contributions to superannuation. Some officers may exceed their concessional contributions cap due to the PBRI arrangement and receive additional tax notices from the ATO for breaching the cap. Or may have had their ATO refund reduced due to the additional tax applied.

### This is not my fault, I do not contribute, who will pay the excess taxation?

The PANSW understood this was an issue when the NSW Government at the time established the PBRI scheme and were given a commitment that excess concessional cap bills directly as a result of PBRI contributions would be met by the Government.

Therefore, Sworn Officers who breach their concessional contributions cap due to the PBRI arrangement may be entitled to a tax reimbursement from the NSW Police Force.

The reimbursement will apply the marginal tax (less the 15% already paid on it) to the excess that relates to the PBRI contributions.

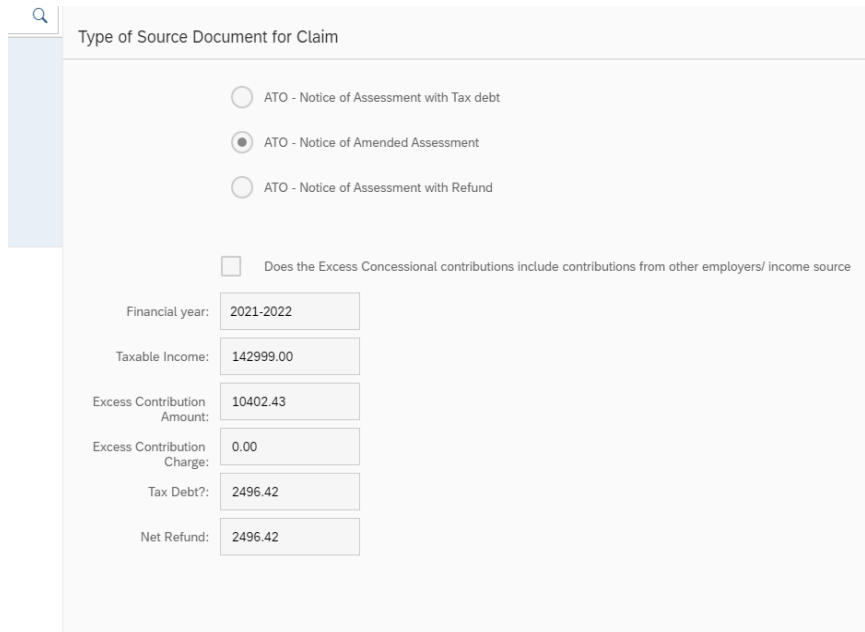
### How do I lodge my Concessional Tax Refund claim with the NSWPF?

Lodge your claim in SAP ESS:

1. Click on Sap Fiori
2. Click on Employee self service
3. Click on Benefits and Payments tab
4. Under Payroll tab click on Click on Concessional Tax Refund
5. Click on Create Request (bottom right hand corner)
6. Select one of the source documents available which can be ATO notice of assessment with tax debt or refund, ATO notice of amended assessment
7. Enter excess contributions from ATO excess contributions document into the table
8. Select the year applicable
9. Enter taxable income as per ATO documents
10. Enter excess contributions amount and the tax debt (noting you do not have to have a tax debt to lodge a claim, it is based on the excess contributions letter)
11. Upload the ATO documents

12. Submit the refund request
13. Refund is processed via payroll with a gross amount appearing as a line item on payslip, net amount will appear in 'amount claimed field on SAP'.

A copy of the relevant screen is below.



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Type of Source Document for Claim

ATO - Notice of Assessment with Tax debt

ATO - Notice of Amended Assessment

ATO - Notice of Assessment with Refund

Does the Excess Concessional contributions include contributions from other employers/ income source

Financial year: 2021-2022

Taxable Income: 142999.00

Excess Contribution Amount: 10402.43

Excess Contribution Charge: 0.00

Tax Debt?: 2496.42

Net Refund: 2496.42

### What documentation do I need to make a claim?

- ATO notice of assessment with tax debt or tax refund, or
- ATO notice of amended assessment and
- Excess concessional contributions notice

These documents can be obtained through your mygov account in your inbox on the app.

### How does the excess and reimbursement affect means tested benefits?

Unfortunately, the inclusion of the excess concessional contributions and the reimbursement from the NSWPF to the employee results in those amounts being added to an employee's annual taxable income. The payment from the NSWPF to the employee is classed as income, hence forms part of your taxable income. This is a significant issue for our members, one which we are lobbying the Federal Government over to remove the PBRI from the concessional contribution's definition.

This is why the PANSW has escalated industrial action against the Federal Government to force action from them.

### I didn't realise I was affected; can I claim previous years?

Yes members are encouraged to review their previous years notices and consider submitting to NSWPF for a refund. Officers should obtain independent financial advice based on their circumstances as any reimbursement of monies will be regarded as income and taxable salary.

**Contacts:** For further advice, please contact 88358400 for Shared Services, email: [ps-salrec@police.nsw.gov.au](mailto:ps-salrec@police.nsw.gov.au) or the PANSW office on 9265 6777 or [info@pansw.org.au](mailto:info@pansw.org.au)