How tax applies to your super

If you are 60 years old or more

[1]To work out how your super payment will be taxed you need to know how much of the money in your super account is a:

- tax-free component
- taxable component that the fund has paid tax on (taxed element)
- taxable component that the fund has not paid tax on (untaxed element).

Tax on withdrawals of tax-free component

You don't pay tax on the tax-free component of your super when you withdraw it regardless of your age or the way you withdraw it. The exception is where you have illegally gained early access to your super before you have met a condition of release. In these circumstances, the entire amount of your super benefit will be taxable regardless of whether it has a tax-free component.

The taxable component of your payment will be taxed as shown in this table.

Type of super	Type of withdrawal	Effective tax rate (including Medicare levy)
Taxable component - taxed element	Income stream	No tax
Taxable component - taxed element	Lump sum	No tax
Taxable component - untaxed element	Income stream	Your marginal tax rate less tax offset of 10%
Taxable component - untaxed element	Lump sum	Your marginal tax rate or 17%, whichever is lower - unless the lump sum is more than the untaxed plan cap, in which case the amount above the cap will be taxed at the top marginal rate

If you are between your preservation age and 60 years old

[2]To work out how your super payment will be taxed you need to know how much of the money in your super account is a:

- tax-free component

[1]https://www.ato.gov.au/Individuals/Super/In-detail/Withdrawing-and-using-your-super/Withdrawing-your-super-and-paying-tax/?page=3#Ifyouare60yearsoldormore1
[2]https://www.ato.gov.au/individuals/super/in-detail/withdrawing-and-using-your-super/withdrawing-your-super-and-paying-tax/?anchor=Howtaxappliestoyoursuper#Ifyouarebetweenyourpreservationageand601

- taxable component the fund has paid tax on (taxed element)
- taxable component the fund has not paid tax on (untaxed element).

Tax on withdrawals of tax-free component

You don't pay tax on the tax-free component of your super when you withdraw it regardless of your age or the way you withdraw it. The exception is where you have illegally gained early access to your super before you have met a condition of release. In these circumstances, the entire amount of your super benefit will be taxable regardless of whether it has a tax-free component.

Tax on withdrawals of taxable component

The taxable component of your payment will be taxed as shown in this table.

Type of super	Type of withdrawal	Effective tax rate (including Medicare levy, up to the low rate cap)	Effective tax rate (including Medicare levy, above the low rate cap)
Taxable component - taxed element	Income stream	Your marginal tax rate less 15% tax offset	Your marginal tax rate less 15% tax offset
Taxable component - taxed element	Lump sum	0%	Your marginal tax rate or 17%, whichever is lower
Taxable component - untaxed element	Income stream	Your marginal tax rate	Your marginal tax rate
Taxable component - untaxed element	Lump sum	Your marginal tax rate or 17%, whichever is lower	Your marginal tax rate or 32%, whichever is lower -unless the lump sum is more than the untaxed plan cap, in which case the amount above the cap will be taxed at the top marginal rate

Filling out your tax return

Your fund will send you a payment summary which shows:

- how much of the super you received is taxable and how much is tax-free
- how much tax they withheld from the payment to pay on your behalf
- any tax offset you may be able to claim (for your super income stream).

You must include the taxable component of your super payment as assessable income on your tax return. You don't need to enter the tax-free component of your super payment on your tax return.

Only claim tax offsets for super income streams in the offset section of your tax return - tax offsets for super lump sums are calculated by us.

If you're between your preservation age and 60 years old, and receive a lump sum super benefit that includes a taxable component, this is assessable income you must include in your tax return. This is the case even if the amount you receive is below the low-rate cap amount and zero tax has been withheld by your fund.