

# SMEs get more bang for super buck



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As part of the implementation of the new superannuation system announced in the May 2006 Federal Budget, Treasurer, Peter Costello recently revealed the final details of the Howard Government plan to restructure the national retirement savings system.

The detail shows that further benefits will be available to small businesses.

The changes made have been based heavily on recommendations provided by William Buck, who saw a need to address the limitations of the proposed legislation.

The May Budget proposed that benefits withdrawn from superannuation would no longer be taxed, however a cap on the amount of undeducted contributions - generally \$150,000 per year - that can be made into superannuation has been introduced.

Undeducted contributions are personal contributions made from an individual's after tax income. Small business people will be able to contribute \$1 million from the sale of their businesses, in addition to the amount that other people can contribute.

The amendments also mean that a couple who sold a business could get around \$3 million into superannuation immediately if they took advantage of all the rules.

For small business owners who treat their businesses as their superannuation, significant increases in their incomes in retirement can be obtained.



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For more information about superannuation laws visit - [www.simplersuper.treasury.gov.au](http://www.simplersuper.treasury.gov.au)

The five main changes affecting super for small businesses are:

1. An exemption to the 'cap' has been introduced for small business taxpayers for up to \$1 million from the sale proceeds of small business assets.
2. The amount exempted from the 'cap' for small businesses is now available on pre-capital gains tax assets and where the small business 15 year exemption applies.
3. The 'three year average' exclusion to the 'cap' which effectively increases the limit to \$450,000 for one year will be maintained indefinitely.
4. The 'work test' does not apply for contributions made before age 65 under the 'three year average.'
5. The amount equivalent to the current pension Reasonable Benefit Limits will continue to be protected for small business taxpayers in the instance of bankruptcy.



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