



Contributing the proceeds of downsizing to super

Are you 55 years old or over and considering selling your home?

More and more older Australians are seeing the benefits of selling the family home in favour of a smaller home, or even an apartment. To facilitate this, generous financial incentives have been available since 1 July 2018 for those who are ready to downsize.

If you sign a contract to sell your home or part of your ownership interest in it and meet the eligibility requirements, you may be able to contribute up to \$300,000 to super from the proceeds.

You may be eligible if:

- you are 55 years old or over at the time you make a downsizer contribution (there is no maximum age limit). From 1 July 2022 to 31 December 2022, the eligibility age was 60 or over. Prior to 1 July 2022, it was 65 or over
- you or your spouse held an ownership interest in the home for at least 10 consecutive years before the sale
- your home is in Australia and is not a caravan, houseboat or other mobile home
- your home is exempt or partially exempt from capital gains tax (CGT) under the main residence exemption, or would be entitled to an exemption if the home was a CGT asset rather than a pre-CGT asset (acquired before 20 September 1985)
- you have not made a downsizer contribution from the sale of another home or from an earlier sale of a part of your ownership interest.

What are the benefits?

- Eligible individuals can contribute proceeds from the sale of their home into super. This applies even if you are 75 years and older and not able to contribute otherwise voluntarily into super.

- Downsizer contributions will not count towards your concessional or non-concessional super contribution caps. The contribution can still be made regardless of your total super balance. However, your downsizer contribution amount will count towards your total super balance when it is re-calculated at the end of the financial year.

How much can I contribute?

- You can contribute up to \$300,000 as an individual or up to \$600,000 as a couple, however the total of your contributions cannot be more than the proceeds you receive from the sale of your home.

How long do I have to contribute?

You must make your contribution within 90 days of the change of ownership in the home unless you have been granted an extension. This will generally be from the date of settlement.

- For more information, see *Request an extension*.

Before making a downsizer contribution

- You may wish to seek financial advice as downsizer contributions will count as an asset for the age pension assets test.
- Check that your super fund will accept a downsizer contribution.
- Open a new super account if you do not already have one.
- You must provide your super fund with the *Downsizer contribution into superannuation form* either before or at the time of making the contribution.

How to make a downsizer contribution

You enter into a contract to sell your home and meet the eligibility rules.

Check with your fund or open a new account to ensure you are eligible to make a downsizer contribution.

Complete the downsizer form, sign the declaration and provide the form to your super fund before or at the time you make your contribution.

You make your downsizer contribution within 90 days of the change of ownership.

Your super fund reports your downsizer contribution to the ATO.

If your fund does not receive your downsizer form before or at the time you make a contribution, your contribution will not be eligible as a downsizer contribution.

Request an extension

You can request more than 90 days to make your downsizer contribution where your circumstances warrant it. For example, where a delay has been caused by factors outside of your control.

- ⚠ We cannot grant an extension request to allow you to meet the age eligibility requirement.
- i You can find further information about applying for an extension at ato.gov.au/downsizing

What happens if your contribution is not eligible?

If your downsizer contribution does not meet the eligibility requirements we will notify you and the super fund that received your contribution.

The super fund will assess if it can be accepted as another type of contribution based on your age and the contribution acceptance rules.

If your contribution:

- can be accepted, it will count towards your contribution caps
- can't be accepted, the amount will be returned to you.
- ⚠ Penalties may apply for making a false and misleading statement if you incorrectly declare you are eligible to make a downsizer contribution.

i This is a general summary only.

For more information, go to ato.gov.au/downsizing or contact us on **13 10 20** or speak to a registered tax professional.

