Case Study

Foreign Transfer Contribution

- What is Foreign Transfer contribution
- Cap Limit
- Super Guarantee Remittance



Foreign Transfer Contribution:

“**Foreign transfer contribution**" in the context of the Australian Taxation Office (ATO) refers to amounts transferred from a foreign superannuation fund to an Australian superannuation fund. These transfers are treated as member contributions and are subject to specific rules:

- **Applicable Fund Earnings (AFE)**: The portion of the transfer that represents earnings accrued since becoming an Australian resident may be taxable. If the transfer is made within six months of becoming a resident or ceasing foreign employment, the AFE is generally nil.

- **Contribution Caps**: The transferred amount counts towards your concessional or non-concessional contribution caps. Exceeding these caps may result in additional taxes.

- **Tax File Number (TFN)**: The receiving Australian super fund must have your TFN within 30 days of the transfer; otherwise, the amount must be returned to the foreign fund.

- **Reporting Obligations**: The Australian super fund must report all amounts received, including AFE and other components.

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Contribution Cap Limit:

The cap limits for foreign transfer contributions to an Australian superannuation fund, including SMSFs, depend on the type of contribution.

- **Concessional Contributions**: The cap for concessional contributions is **$30,000 per year** for the 2024/25 financial year. These contributions are taxed at 15% when received by the fund.

- **Non-Concessional Contributions**: The cap for non-concessional contributions is **$120,000 per year** for individuals with a total super balance of less than $1.9 million as of June 30 of the previous financial year. If your balance exceeds $1.9 million, the cap is reduced to nil.

- **Bring-Forward Rule**: If eligible, you can bring forward up to two additional years of non-concessional contributions, allowing a total of **$360,000** to be contributed to one year.

- **To be Noted** : These caps include amounts transferred from foreign superannuation funds. Exceeding these caps may result in additional taxes.

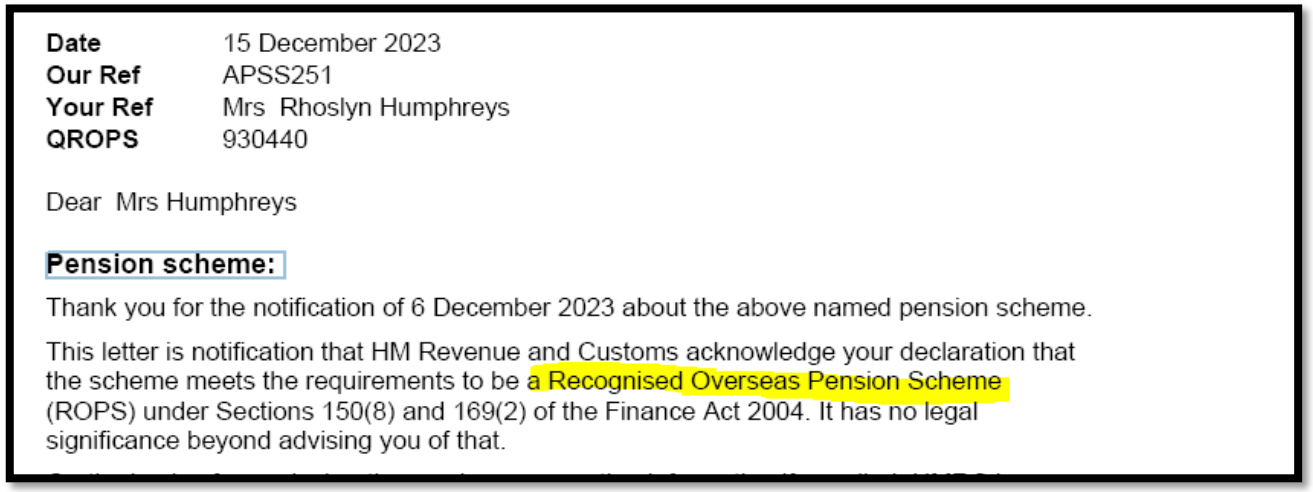
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Case Related to Live job :

- While processing the job we found the amount of $340,146.66 dated as 13/03/2024 in Macquarie bank statement.

- We found the source document in the folder which seems to be the supporting for the banked amount.

- While analysing the source document we found the below word , based on the same we have treated as foreign contribution. Refer the upcoming slides for the component split.



Date 15 December 2023
Our Ref APSS251
Your Ref Mrs Rhoslyn Humphreys
QROPS 930440

Dear Mrs Humphreys

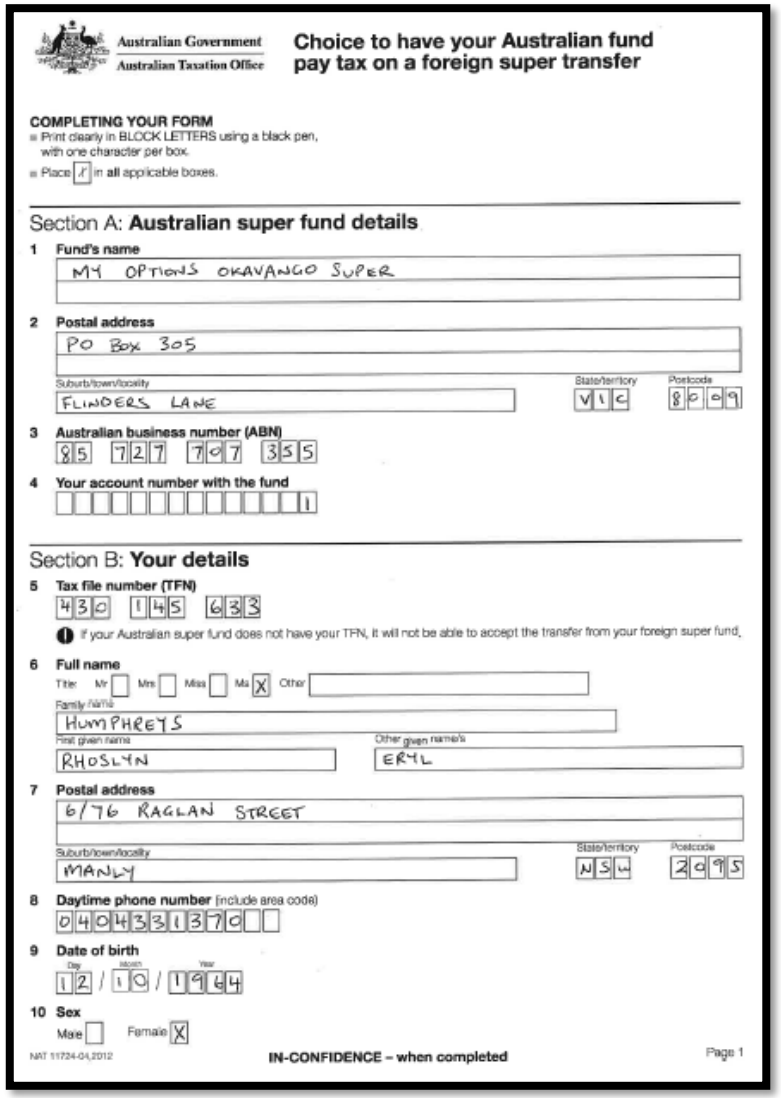
Pension scheme:

Thank you for the notification of 6 December 2023 about the above named pension scheme.

This letter is notification that HM Revenue and Customs acknowledge your declaration that the scheme meets the requirements to be a Recognised Overseas Pension Scheme (ROPS) under Sections 150(8) and 169(2) of the Finance Act 2004. It has no legal significance beyond advising you of that.

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Foreign Super Transfer Tax Election Form:



Australian Government
Australian Taxation Office

Choice to have your Australian fund pay tax on a foreign super transfer

COMPLETING YOUR FORM
- Print clearly in BLOCK LETTERS using a black pen, with one character per box.
- Place ✓ in **all** applicable boxes.

Section A: Australian super fund details

1 **Fund's name**
MY OPTIONS OKAVANGO SUPER

2 **Postal address**
PO BOX 305
Suburb/town/locality: FLINDERS LANE
State/territory: VIC
Postcode: 8009

3 **Australian business number (ABN)**
85 727 707 355

4 **Your account number with the fund**
1

Section B: Your details

5 **Tax file number (TFN)**
430 145 633

If your Australian super fund does not have your TFN, it will not be able to accept the transfer from your foreign super fund.

6 **Full name**
Title: Mr ☐ Mrs ☐ Miss ☐ Ms ☒ Other ☐
Family name: HUMPHREYS
First given name: RHOSLYN
Other given name/s: ERYL

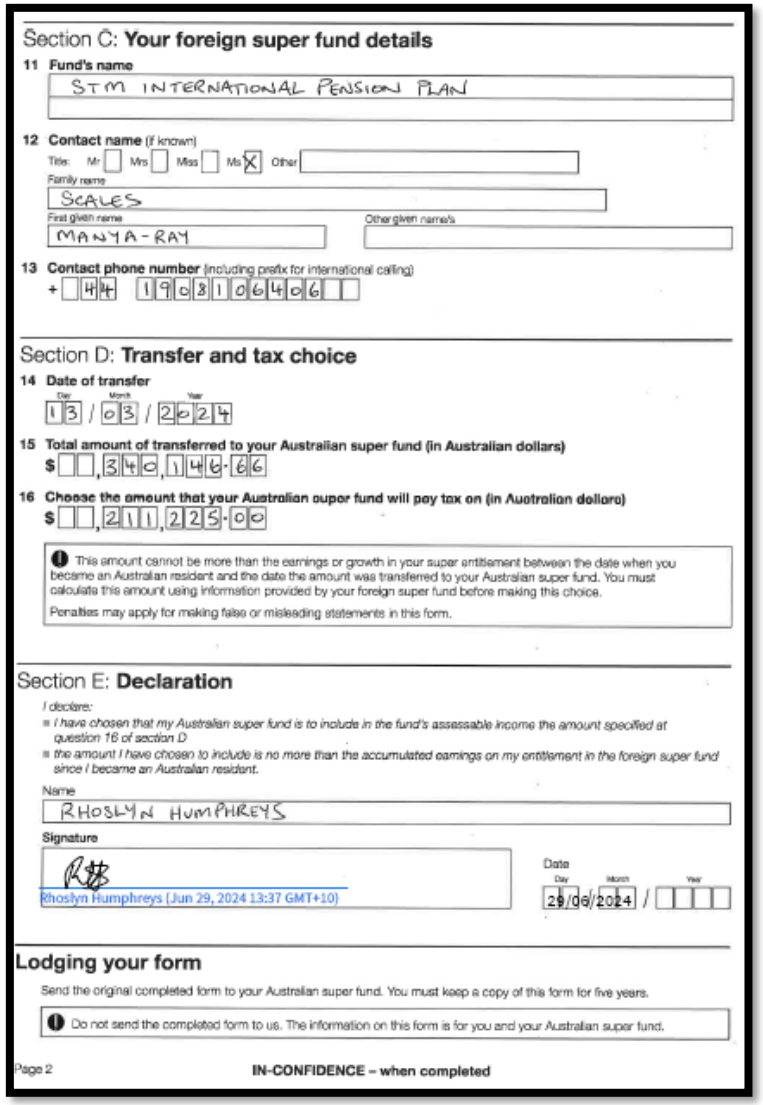
7 **Postal address**
6/76 RAGLAN STREET
Suburb/town/locality: MANLY
State/territory: NSW
Postcode: 2095

8 **Daytime phone number** (include area code)
0404331370

9 **Date of birth**
Day 12 / Month 10 / Year 1964

10 **Sex**
Male ☐ Female ☒

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Section C: Your foreign super fund details

11 **Fund's name**
STM INTERNATIONAL PENSION PLAN

12 **Contact name** (if known)
Title: Mr ☐ Mrs ☐ Miss ☐ Ms ☒ Other ☐
Family name: SCALES
First given name: MANYA-RAY
Other given name/s:

13 **Contact phone number** (including prefix for international calling)
+44 1903106406

Section D: Transfer and tax choice

14 **Date of transfer**
Day 13 / Month 03 / Year 2024

15 **Total amount of transferred to your Australian super fund (in Australian dollars)**
$340,146.66

16 **Choose the amount that your Australian super fund will pay tax on (in Australian dollars)**
$211,225.00

This amount cannot be more than the earnings or growth in your super entitlement between the date when you became an Australian resident and the date the amount was transferred to your Australian super fund. You must calculate this amount using information provided by your foreign super fund before making this choice.

Penalties may apply for making false or misleading statements in this form.

Section E: Declaration

I declare:
- *I have chosen that my Australian super fund is to include in the fund's assessable income the amount specified at question 16 of section D*
- *the amount I have chosen to include is no more than the accumulated earnings on my entitlement in the foreign super fund since I became an Australian resident.*

Name: RHOSLYN HUMPHREYS

Signature
RH
Rhoslyn Humphreys (Jun 29, 2024 13:37 GMT+10)

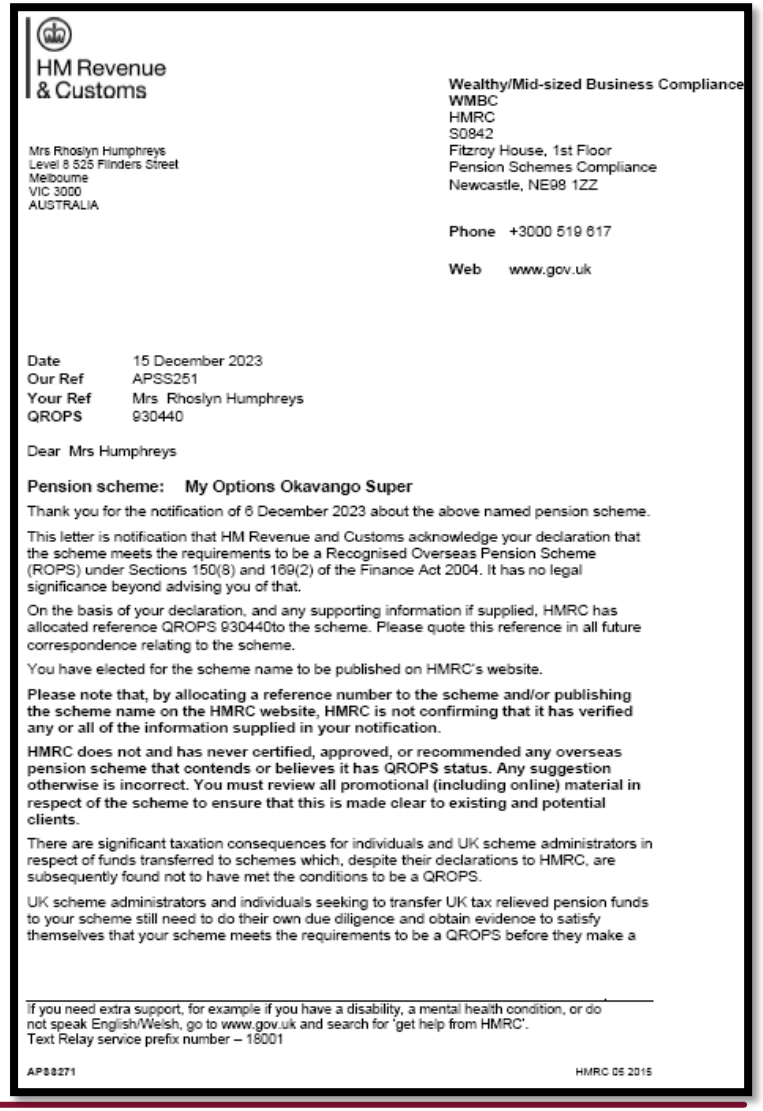
Date: Day 29/06/2024 / Month / Year

Lodging your form

Send the original completed form to your Australian super fund. You must keep a copy of this form for five years.

Do not send the completed form to us. The information on this form is for you and your Australian super fund.

Page 2 **IN-CONFIDENCE – when completed**



HM Revenue & Customs

Mrs Rhoslyn Humphreys
Level 8 525 Flinders Street
Melbourne
VIC 3000
AUSTRALIA

Wealthy/Mid-sized Business Compliance
WMBC
HMRC
S0842
Fitzroy House, 1st Floor
Pension Schemes Compliance
Newcastle, NE98 1ZZ

Phone +3000 519 617

Web www.gov.uk

Date 15 December 2023
Our Ref APSS251
Your Ref Mrs Rhoslyn Humphreys
QROPS 930440

Dear Mrs Humphreys

Pension scheme: My Options Okavango Super

Thank you for the notification of 6 December 2023 about the above named pension scheme.

This letter is notification that HM Revenue and Customs acknowledge your declaration that the scheme meets the requirements to be a Recognised Overseas Pension Scheme (ROPS) under Sections 150(8) and 169(2) of the Finance Act 2004. It has no legal significance beyond advising you of that.

On the basis of your declaration, and any supporting information if supplied, HMRC has allocated reference QROPS 930440to the scheme. Please quote this reference in all future correspondence relating to the scheme.

You have elected for the scheme name to be published on HMRC's website.

Please note that, by allocating a reference number to the scheme and/or publishing the scheme name on the HMRC website, HMRC is not confirming that it has verified any or all of the information supplied in your notification.

HMRC does not and has never certified, approved, or recommended any overseas pension scheme that contends or believes it has QROPS status. Any suggestion otherwise is incorrect. You must review all promotional (including online) material in respect of the scheme to ensure that this is made clear to existing and potential clients.

There are significant taxation consequences for individuals and UK scheme administrators in respect of funds transferred to schemes which, despite their declarations to HMRC, are subsequently found not to have met the conditions to be a QROPS.

UK scheme administrators and individuals seeking to transfer UK tax relieved pension funds to your scheme still need to do their own due diligence and obtain evidence to satisfy themselves that your scheme meets the requirements to be a QROPS before they make a

If you need extra support, for example if you have a disability, a mental health condition, or do not speak English/Welsh, go to www.gov.uk and search for 'get help from HMRC'.
Text Relay service prefix number – 18001

APSS271 HMRC 05 2015

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Case in point No 1: Contributions from a US 401(k)

Lisa, an Australian resident, has been contributing to a 401(k) plan in the United States. She decides to transfer her 401(k) contributions to her Australian super fund.

Findings:

•**Applicable Fund Earnings:** The earnings accrued since Lisa became an Australian resident are subject to Australian income tax.

•**Tax Treaty:** The US-Australia tax treaty may provide specific provisions that affect the tax treatment of the transfer.

•**Contribution Caps:** The transferred amount counts towards her concessional or non-concessional contributions cap.

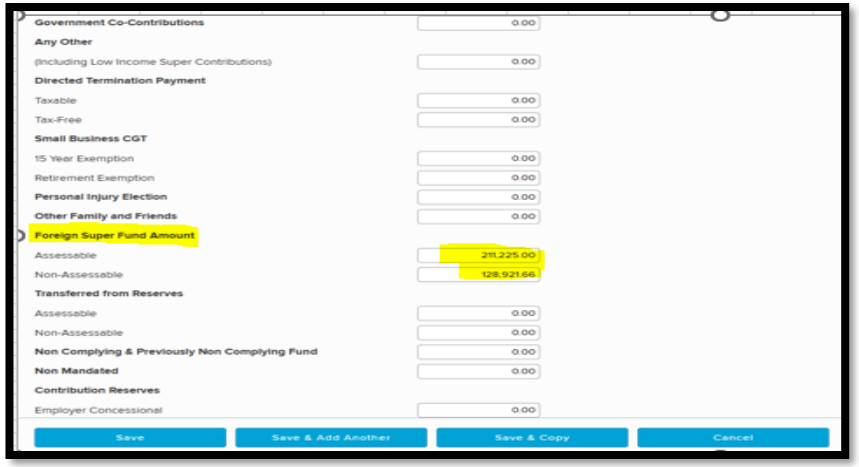
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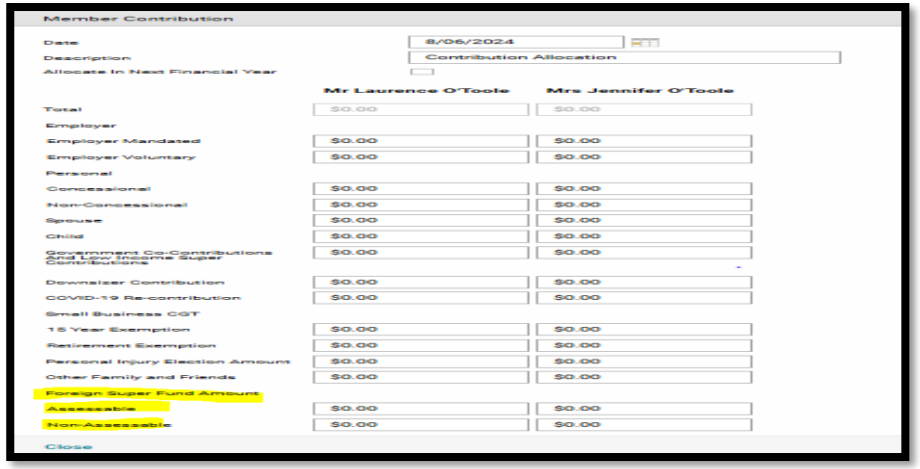
Reference

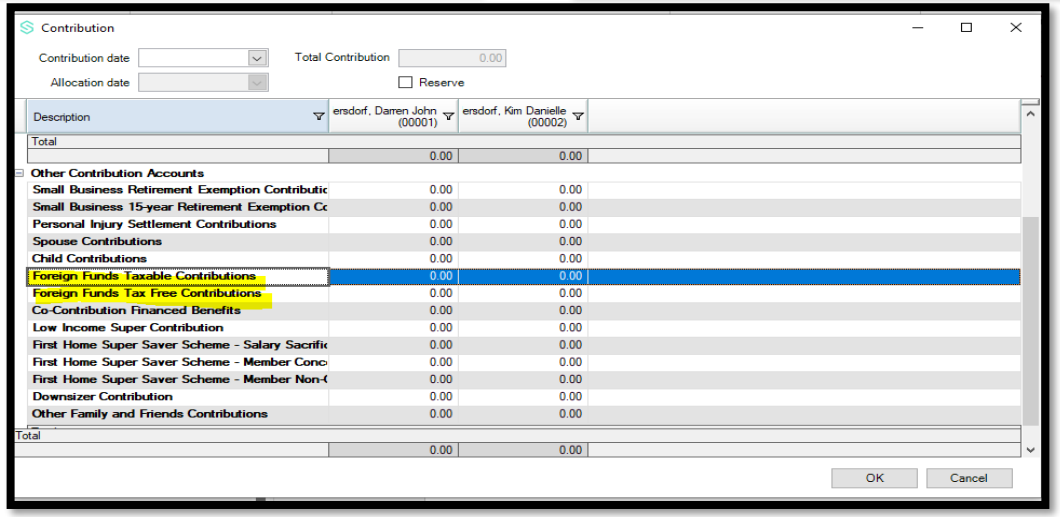
Aspect	Contribution in Australia	Foreign Contribution
Type of Contribution	Employer contributions (mandatory superannuation), personal contributions (concessional and non- concessional).	Donations, delivery, or transfer of articles, currency, or securities from foreign sources.
Who Can Contribute	Employers, employees, and individuals (including self-employed).	Individuals, associations, or companies with prior government approval.
Income Threshold	Employer contributions are mandatory for income above AUD 450/month; concessional contributions capped at AUD 27,500/year.	Regulated under the Foreign Contribution (Regulation) Act, 2010, with no specific income threshold.
Eligibility Age	Contributions allowed up to age 67 without restrictions; work test applies for ages 67–74.	Not applicable.
Tax Impact	Employer contributions taxed at 15%; excess contributions taxed at higher rates.	Taxable if not utilized as per regulations.
Maximum Amount	No maximum for employer contributions; concessional contributions capped at AUD 27,500/year.	No specific maximum; depends on regulatory compliance

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Accounting Treatment in Software Applications







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Refer below link for the additional information

- Transfer from a foreign super fund to an Australian super fund | Australian Taxation Office
- Superannuation and foreign employment income | Australian Taxation Office
- Completing your choice to have your Australian fund pay tax on a foreign super transfer | Australian Taxation Office

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