

Simplified Superannuation

Fact Sheet – Self-Employed

Key Points

- The self-employed (and other eligible people) will be able to claim a full deduction for personal contributions to superannuation until age 75.
- Eligible self-employed persons will have access to the Government co-contribution scheme.
- The post-June 94 invalidity component will be extended to the self employed from 1 July 2007.

Contributions to superannuation made by the self-employed will be treated in the same way as contributions made by employers for the benefit of employees. Superannuation contributions will be eligible for a deduction for people less than 75 years of age.

From 1 July 2007, the Government co-contribution scheme will be extended to the self-employed, provided they satisfy the eligibility criteria for the co-contribution.

The income calculation for co-contribution purposes will be the assessable income of an individual (including any reportable fringe benefits, if applicable) less deductions they are entitled to as a result of carrying on a business.

Benefits paid to a self-employed person who becomes permanently disabled are eligible for a 'post-June 94 invalidity component' on the part of a benefit taken as a lump sum, or a 15 per cent offset if the benefit is taken as a pension. People who became permanently disabled prior to the commencement date of the reforms will also have access to this concession from 1 July 2007. Benefits paid on temporary disablement will be treated as income as they replace income lost.