

# Understanding the flood levy

The 2011 Federal Budget introduced the temporary flood and cyclone reconstruction levy (flood levy) to help raise money for projects in communities affected by the recent natural disasters.

## How much you pay depends on your income

The flood levy is based on your taxable income between 1 July 2011 and 30 June 2012. Cash payments from super funds are treated as income and the Australian Taxation Office (ATO) requires the levy to be paid.

Only the taxable component of your super payment is subject to the flood levy. The taxable component is usually made up of Superannuation Guarantee contributions from an employer and any salary sacrifice contributions you have made to super from your before-tax salary. However if you're 60 years or older, then you're not charged the levy – or any other tax – when you withdraw your super.

Initially, the Australian Taxation Office will work out if you need to pay the flood levy and determine the additional amount payable (if any) after you lodge your tax return. Over time, this will be done by AustralianSuper and the levy will be deducted directly from your super payment.

### Flood levy for the financial year ending 30 June 2012

Taxable component of the withdrawal	Levy payable if you're under 60 years old
\$50,000 and below	Nil
\$50,001 to \$100,000	\$0.005 for each \$1 over \$50,000
\$100,001 and over	\$250, plus \$0.01 for each \$1 over \$100,000

#### Example: Grace pays \$250 on her \$150,000 withdrawal

Grace withdraws \$150,000 from her super. She's 59 years old so the withdrawal is subject to the flood levy.

Her withdrawal is made up of a \$50,000 tax-free component and \$100,000 taxable component. Grace is assumed to have no other assessable income apart from her super withdrawal.

A \$250 flood levy is deducted from Grace's withdrawal which the ATO's Flood levy calculator works out as follows:

- She pays no levy on the \$50,000 tax-free component as it doesn't apply to this component.
- She pays a \$250 levy on the \$100,000 taxable component. The first \$50,000 is not subject to the levy. The remaining \$50,000 is subject to the levy ( $\$50,000 \times \$0.005 = \$250$ ).

The ATO's tax tables have been rounded to whole dollar amounts which may cause the flood levy deducted to be higher or lower than this example.



You can estimate the flood levy using the ATO's Flood levy calculator at [www.ato.gov.au/floodlevy](http://www.ato.gov.au/floodlevy)

### The levy doesn't apply to everyone

If your super payment (representing your assumed annual taxable income) is \$50,000 or less, the flood levy doesn't apply to you.

There are other times that the Australian Taxation Office won't charge the levy. These are explained below.

#### Class 1 – You received an Australian Government Disaster Payment

You were eligible for an Australian Government Disaster Recovery Payment for a natural disaster that occurred between 1 July 2010 and 30 June 2011 and you received the payment from Centrelink before 30 June 2012.

#### Class 2 – Natural Disaster Relief and Recovery Arrangements

A natural disaster declared under the Natural Disaster Relief and Recovery Arrangements affected you at some time between 1 July 2010 and 30 June 2011, and at the time of the disaster you:

- weren't eligible for an Australian Government Disaster Recovery Payment as a result of the disaster
- were at least 16 years old or were receiving a social security payment from Centrelink

- were an Australian resident for social security purposes, and
- as a direct result of the natural disaster, were subject to at least one of the defined situations listed below:
  - you were seriously injured
  - an immediate family member who was an Australian citizen was killed
  - your home was destroyed or sustained major damage
  - you were unable to gain access to your home for 24 hours or more
  - you were unable to leave your home for 24 hours or more
  - your home was without electricity, water, gas, sewerage services or another essential services for 48 hours or more, or
  - any of the above situations happened to a child who you were the main carer for.

#### Class 3 – Certain New Zealand residents

New Zealand citizens holding a special category visa who received an ex gratia payment from Centrelink before 30 June for a natural disaster that happened between 1 July 2010 and 30 June 2011.



If you think the flood levy doesn't apply to you, please complete the Flood levy exemption declaration form available online at [www.ato.gov.au/floodlevy](http://www.ato.gov.au/floodlevy) or by calling 13 10 20.

**Don't send this form to the Australian Taxation Office** – attach it to the AustralianSuper *Application for payment of benefit* form.

For a full list of declared natural disasters, please go to [www.disasterassist.gov.au](http://www.disasterassist.gov.au) or call 180 22 66.