



Australian Government

Commonwealth Superannuation Corporation

Tax and your CSS super

Issued 1 July 2026

The information in this 'Tax and your CSS super' document forms part of the Commonwealth Superannuation Scheme (CSS) Product Disclosure Statement (PDS), twelfth edition, issued on 31 October 2025 available at csc.gov.au/css-pds

Things to remember when reading this document

Any financial product advice is general advice only and has been prepared without taking account of your personal objectives, financial situation or needs. Before acting, you should consider the appropriateness of the advice, having regard to your own objectives, financial situation and needs. You may wish to consult a licensed financial advisor. Before making a decision in relation to CSS, you should obtain a copy of the relevant PDS and consider its contents before making any decision regarding your super.

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Information in this document is up to date at the time of preparation, but we may make changes from time to time. Any changes that are not materially adverse will be updated on our website at csc.gov.au/css-pds or you can obtain a paper copy free of charge by contacting us on **1300 000 277**.



Commonwealth
Superannuation
Scheme

How super is taxed

Tax in super is complex and subject to change from time to time.

This booklet outlines general information about the more significant tax implications for your super that you need to know, and it's valid as at 1 July 2026. Contact a professional who's in the know about all things tax—like a financial adviser or tax accountant—to get personal advice that's specific to your situation. You can also head to the Australian Taxation Office (ATO) website at ato.gov.au/super for more information.

Super is currently taxed in three ways:

- contributions going into a fund can be taxed,
- investment earnings of a fund can be taxed, and
- tax may be payable on the benefits you receive from a fund.

Contributions into your super

Contributions into super are classified as either non-concessional or concessional contributions.

Non-concessional contributions

Non-concessional contributions for tax purposes, including your member contributions are paid from your after-tax income where no tax deduction has been claimed. Non-concessional contributions paid to CSS are not subject to contributions tax on entry to the Fund if these contributions, together with any other non-concessional contributions made by you or on your behalf to any other fund, do not exceed your non-concessional contribution cap. Currently, if your total super balance is less than \$2.1 million at 30 June of the previous financial year, your non-concessional cap is \$130,000 per year (2026–27 financial year). If your total superannuation balance exceeds this amount, your non-concessional contribution cap is \$0.

Members with a total super balance less than \$1.84 million at 30 June of the previous financial year, may contribute up to \$390,000 over three years (known as the bring forward rule), subject to age limits and other eligibility criteria. Only contributing members can make contributions to CSS.

Contributions over your non-concessional contribution cap may be taxed at the highest marginal tax rate, plus the Medicare levy. For more information, visit ato.gov.au

Concessional contributions

These are before tax contributions, such as productivity and salary sacrifice contributions. You cannot salary sacrifice into CSS. However, contributing CSS members can salary sacrifice into PSSap as an Ancillary member or another super fund. CSC is the issuer of PSSap. For more information, or for a copy of the PSSap PDS and Target Market Determination (TMD), go to csc.gov.au/tmd You should consider the PSSap PDS and TMD before making a decision.

Concessional contributions are taxed at 15%; this tax is deducted from the contributions when we receive them from your employer. A cap also applies to concessional contributions across all your super funds. The cap on concessional contributions is \$32,500 per year (2026-27 financial year). A notional amount of contributions representing your unfunded defined benefit growth is also counted towards your concessional contribution cap.

Rollovers

Benefits rolled over from another fund are not taxed at the time of the rollover, unless the amount includes components from an untaxed source. Untaxed components up to the untaxed plan cap amount of \$1,935,000 are taxed at 15% (2026-27 financial year).

Investment earnings

Investment earnings of the fund are generally taxed at concessional rates up to 15% as CSS is a complying super fund. The effective rate of tax incurred may be less than 15%, due to the concessional tax treatment afforded to long term capital gains and franking credits.

If your total super balance exceeds \$3 million, an additional Division 296 tax applies from 1 July 2026. An additional 15% tax applies to the proportion of investment earnings for balances above \$3 million, increasing to an additional 25% tax on the proportion of earnings for balances above \$10 million.

The value of your defined benefit interest in CSS is included in your total super balance for these purposes and is determined in accordance with legislative rules. Special rules apply to how earnings are calculated and how any resulting tax liability is assessed and paid*.

* The Division 296 tax information in this section is valid as at the date of publication. Division 296 is assessed to the individual by the ATO. For more information refer to the [ATO](#).

Tax on your CSS benefits

The tax on your benefit will depend on whether the benefit is sourced from contributions paid to CSS and earnings on those contributions (taxed source) or from other sources (untaxed source).

Your CSS benefit includes two components: a tax-free component and a taxable component.

The taxable component is itself divided into two further components: a taxed element and an untaxed element. The components of a CSS benefit are:

- **Tax-free component**

Your benefit may include a tax-free component. This component consists of your member contributions paid after 1 July 1983 from your after tax salary, any super co-contributions and any tax-free components included in any transfers from other super funds. It may also include a pre 1 July 1983 component if your eligible service started before 1 July 1983. Please note that the pre 1 July 1983 calculation applies to both the taxed and untaxed elements of your taxable component when your benefit is paid as a lump sum, and to only the taxed element of your taxable component when your benefit is paid as a pension.

- **Taxable component (taxed element)**

Your benefit may include a taxable component – taxed element. This component consists of your post June 1990 productivity component, fund earnings on your member component, and any transferred amounts, less any tax-free component from a taxed source.

- **Taxable component (untaxed element)**

Your benefit may include a taxable component – untaxed element. This component consists of your unfunded employer benefit and any pre July 1990 productivity contributions and notional fund earnings, less any tax-free component from an untaxed source.

The tax treatment of each component is set out in the following table.

Tax treatment of lump sums

	Percentage of tax payable on a taxed source		Percentage of tax payable on an untaxed source
	Tax-free component	Taxable component	Taxable component
Under age 60	0%	20% plus the Medicare levy	30% plus the Medicare levy Top marginal tax rate for amounts above \$1,935,000*
60 and over	0%		15% plus the Medicare levy Top marginal tax rate for amounts above \$1,935,000*

The \$1,935,000 threshold applies to the 2026–27 financial year and is indexed annually. This threshold is referred to as the untaxed plan cap amount. For details of the untaxed plan cap in later years visit [ato.gov.au](#)

Note that if you take part of your benefit either as a pension and/or lump sum, these payments may include both tax-free and taxable components in the same proportions as they exist in your total benefit.

Tax treatment of pensions

CSS pensions are subject to normal PAYG tax deductions, in the same way your salary is subject to fortnightly tax deductions, although you may be eligible to receive tax concessions or offsets.

The following table outlines the tax treatment of pensions.

	Percentage of tax payable on a taxed source		Percentage of tax payable on an untaxed source
	Tax-free component	Taxable component	Taxable component
Under age 60	0%	Your marginal tax rate*	Your marginal tax rate
60 and over [#]	0%		Your marginal tax rate less a 10% tax offset

Please note the Medicare levy is applied where tax is deducted at your marginal tax rate.

*A tax offset of 15% is applied if the CSS pension is a disability super benefit.

The tax concessions on your pension are limited to defined benefit amounts less than \$131,250 per annum (2026–27 financial year). For this purpose, any benefits from a taxed source are considered first followed by benefits from an untaxed source. 50% of any benefits from a taxed source that is in excess of \$131,250 per annum will be counted as assessable income. Any untaxed benefit which then exceeds \$131,250 per annum will not be eligible for a 10% tax offset.

Tax treatment of death benefits

If you die while you are a member of CSS, a [death benefit](#) may be payable to one or more of your eligible dependants. Your eligible dependants are your spouse or partner and your children under the age of 18, or 25 if they are studying full-time and are dependent on you. If there aren't any eligible dependants, your death benefit will be paid to your legal personal representative to be distributed in accordance with your will or, if none, the laws of intestacy.

A death benefit may be paid as a lump sum or as a pension. For further information on this topic, please refer to the **Death and invalidity benefits** booklet available at csc.gov.au/css-pds

The tax treatment of a death benefit paid to an eligible dependant is summarised below.

Tax treatment of death benefits paid to an eligible dependant

Benefit	Age of deceased	Age of beneficiary	Percentage of tax payable on a taxed source		Percentage of tax payable on an untaxed source
			Tax-free	Taxable	
Lump sum	Any age	Any age	0%	0%	0%
Pension	Below 60	Below 60	0%	Marginal tax rate less a 15% tax offset	Marginal tax rate
	Below 60	60 and over*	0%	0%	Marginal tax rate less a 10% offset
	60 and over*	Any age	0%	0%	Marginal tax rate less a 10% offset

Please note the Medicare levy is also applied where tax is deducted at your marginal tax rate.

* The tax concessions on your pension are limited to defined benefit amounts less than \$131,250 per annum (2026–27 financial year). For this purpose, any benefits from a taxed source are considered first followed by benefits from an untaxed source. 50% of any benefits from a taxed source that is in excess of \$131,250 per annum will be counted as assessable income. Any untaxed benefit which then exceeds \$131,250 per annum will not be eligible for a 10% tax offset.

Supplying your tax file number (TFN)

Under the *Superannuation Industry (Supervision) Act 1993* (Cth), we are authorised to collect, use and disclose your tax file number. We may disclose your tax file number to another superannuation provider when your benefits are being transferred, unless you request to us in writing that your tax file number not be disclosed to any other superannuation provider. Declining to quote your tax file number is not an offence, however giving your tax file number to us will have the following advantages:

- we will be able to accept all permitted types of contributions to your account/s;
- other than the tax that may ordinarily apply, you will not pay more tax than you need to—this affects both contributions to your superannuation and benefit payments when you start drawing down your superannuation benefits; and
- it will make it much easier to find different superannuation accounts in your name so that you receive all your superannuation benefits when you retire.

The purposes of supplying your TFN and the consequences of choosing not to supply your TFN may change in line with future legislative change. We intend to use your TFN only for approved legislative purposes which include:

- advising the ATO for the purposes of validating your TFN, tax and super co-contributions;
- supplying your TFN to another fund if your benefit is transferred or rolled over (unless you request in writing that this not be done); and
- assisting in searching for and consolidating your benefits for you in the scheme.

Super co-contribution

The super co-contribution is a government contribution paid when an eligible after tax non-concessional contribution is made. The amount of the co-contribution is currently a maximum of \$500 per financial year and is subject to an income threshold.

You do not need to apply for the co-contribution. If you have provided your TFN, have made a non-concessional contribution and are eligible to receive the co-contribution, the ATO will transfer the co-contribution to your account.

No tax is paid on the co-contribution when it goes into your account and it does not count towards either contribution cap. However, tax is payable on any investment earnings. For more information, visit ato.gov.au

Super contributions surcharge tax

The super surcharge tax was reduced to 0% from 1 July 2005. Surcharge relating to periods before 1 July 2005 will continue to be assessed and payable. It is possible that super you have in other funds incurred a surcharge debt before 1 July 2005.

The surcharge was a tax on employer and salary sacrifice contributions for members who had adjusted taxable incomes equal to or greater than a level set by the government from time to time.

In some cases, surcharge can also be payable where a person has not given their TFN. For more information, refer to the [Superannuation Contributions Surcharge](#) fact sheet available on our website at csc.gov.au

Low income contributions

The government makes superannuation payments of up to \$500 per financial year to help individuals who earn up to \$37,000 save for retirement. From 2017–18 onwards they are called low income superannuation tax offsets (LISTO). For more information, visit ato.gov.au

Reduction in tax concessions for high income earners

Individuals with an adjusted income and concessional contributions greater than \$250 000 in a financial year will have to pay additional tax at a maximum of 15% on their concessional contributions. This is called Division 293 tax and is assessed by the ATO. For more information, visit ato.gov.au

Temporary residents and lost members

Taxation under Division 3 of Part 3A of the *Superannuation (Unclaimed Money and Lost Members) Act 1999* (Cth). CSC relies on an ASIC exemption to not notify or provide an exit statement to a former temporary resident in circumstances where CSC, as issuer of CSS, pays unclaimed superannuation to the Commissioner of Taxation under Division 3 of Part 3A of the *Superannuation (Unclaimed Money and Lost Members) Act 1999* (Cth). Former temporary residents have a right to make an application to the Commissioner of Taxation to claim the unclaimed superannuation under Division 4 of Part 3A of that Act. For more information contact the Australian Taxation Office at ato.gov.au



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