Foreign super funds

How to access money in a foreign super fund (may be called a retirement fund, pension fund, retirement savings plan).

Transfer or withdraw from a foreign super fund

Options for transferring or withdrawing money from a foreign super fund and the tax implications in Australia.

Transfer from a foreign super fund to an Australian super fund

Tax treatment and rules that apply to transfers from a foreign super fund to an Australian super fund.

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Trans-Tasman retirement savings transfers

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Transfer or withdraw from a foreign super fund

Options for transferring or withdrawing money from a foreign super fund and the tax implications in Australia.

2 August 2023

If you hold money in a foreign super fund you may be able to:

- transfer it to a **complying Australian super fund**
- withdraw it directly as a **lump sum**.

Note that, depending on the foreign country's retirement income system, a 'foreign super fund' for the purposes of Australian law may be known in its home country as a retirement fund, pension fund, retirement savings plan or similar.

Whether you can transfer or withdraw money from a foreign super fund will depend on the fund's rules and the laws of its home country.

When received in Australia or by an Australian resident, transfers and payments from a foreign super fund may be taxed on the applicable fund earnings part of the transfer or payment. The applicable fund earnings are the earnings on your foreign super interest that have accrued since you became an Australian resident for tax purposes.

Transfers between Australian super funds and New Zealand KiwiSaver schemes under the voluntary **Trans-Tasman Retirement Savings Portability scheme** are treated differently.

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Transfer from a foreign super fund to an Australian super fund

Tax treatment and rules that apply to transfers from a foreign super fund to an Australian super fund.

2 August 2023

Overview

Money you transfer from a foreign super fund to a complying Australian super fund may:

- count towards you super contributions caps, and be subject to additional tax if you exceed the caps
- be subject to Australian income tax
- be subject to rules and tax in the foreign country.

Certain conditions must be met before your complying Australian super fund can accept a transfer from your foreign super fund.

Transfers between Australian super funds and New Zealand KiwiSaver schemes are treated differently under the **Trans-Tasman Retirement Savings Portability scheme**.

Transfers from foreign super funds are member contributions

A transfer from a foreign super fund to a complying Australian super fund is treated as a member contribution.

Transfers from foreign super funds are subject to the same restrictions and limits that apply to **contributions** generally. To understand how they are treated as concessional or non-concessional contributions, see How your Australian fund reports a foreign transfer.

Your Australian super fund must have your TFN

An Australian super fund cannot accept a transfer from a foreign fund unless they have your tax file number (TFN), or you give it to them within 30 days of the transfer. If your Australian super fund doesn't have your TFN within 30 days of the transfer they must return the whole amount to your foreign fund.

Australian tax is paid on applicable fund earnings

You (or your Australian super fund) must pay income tax on the part of a foreign fund transfer that is **applicable fund earnings**.

The applicable fund earnings are the earnings on your foreign super interest that have accrued since you became an Australian resident for tax purposes. 'Super interest' is any amount, benefit or entitlement a member holds in a fund.

How the applicable fund earnings are calculated depends on whether you were an Australian resident at all times during the period to which the lump sum relates. The way to calculate your applicable fund earnings is set out at section 305-75 of the *Income Tax Assessment Act 1997*.

You can request a private ruling to determine how much of a transfer is applicable fund earnings.

The 6-month rule

None of your foreign super interest is treated as applicable fund earnings if you transfer it to Australia within six months of either:

- becoming an Australian resident for tax purposes
- your foreign employment ceasing.

Example: applicable fund earnings transferred after 6 months

Leonard grew up overseas and contributed to a retirement savings scheme in his home country. He emigrated to Australia and became an Australian resident for tax purposes in September 2018. At that time, the value of his super interest was the equivalent of A$300,000.

In May 2019, Leonard decided to transfer the balance of his foreign super fund to his Australian super fund. The value of his super interest was then $400,000, so his applicable fund earnings were $100,000. He is required to declare this amount in his tax return or in his fund's assessable income.

However, had Leonard transferred the amount within 6 months of becoming an Australian resident, none of the amount would be treated as applicable fund earnings.

Including applicable fund earnings in your fund’s assessable income

You may be able to choose to include some amount of your applicable fund earnings in your fund’s assessable income. In this case, the amount will be taxed in your fund instead of as part of your income. Your fund pays income tax at 15%, which may be less than the rate of tax you pay.

To make a choice, you must meet all of the following conditions:

- you have been an Australian resident for tax purposes for more than 6 months or have terminated your employment more than 6 months ago
- you have transferred the whole of the foreign fund interest directly to a complying Australian super fund
- you no longer have a super interest in the foreign fund.

If you don't meet these conditions you can't choose to include any amount in your fund’s assessable income. Instead, you must include any applicable fund earnings in your personal assessable income.

You make this choice on the **Completing your choice to have your Australian fund pay tax on a foreign super transfer** form.

Example: applicable fund earnings and assessable income

Tony transfers $160,000 from his foreign super fund to his Australian super fund. The transfer is the whole of his interest in his foreign fund. His applicable fund earnings amount is $40,000. If Tony doesn't elect to include any of this amount in his Australian super fund's assessable income, he must include the $40,000 in his personal assessable income for the year (taxed at his marginal tax rates).

If Tony elects to include $30,000 of the applicable fund earnings in his fund’s assessable income, his fund will include this amount in its assessable income (taxed at 15%) and he must include $10,000 in his personal assessable income (taxed at his marginal tax rate).

If Tony elects to include $40,000 of the applicable fund earnings in his fund’s assessable income, his fund will include this amount in its assessable income (taxed at 15%) and Tony won't have to include any of the applicable fund earnings in his personal assessable income.

How your Australian fund reports a foreign transfer

When you transfer an amount from your foreign super fund to your Australian super fund, your Australian fund will report the transfer as a contribution for you for the year. It will be counted as either, or a combination of:

- a non-assessable foreign fund amount, which is counted towards your **non-concessional contributions**
- an assessable foreign fund amount, which is counted towards your **concessional contributions**.

If you choose to include some of your applicable fund earnings in your fund’s assessable income, the amount will be reported as part of your total contributions (increasing your total superannuation balance) but doesn't count towards your contributions caps.

Non-assessable foreign fund amount

Generally, most of a transfer from a foreign fund will consist of contributions you have made to the foreign fund and the earnings on those contributions.

The non-assessable amount is the amount that was vested (paid to you or for which you're entitled by law) at the time of the transfer. This will include earnings on your contributions from the foreign fund even if the earnings were not allocated to you at the time of the transfer.

Applicable fund earnings are included in the non-assessable foreign fund amount, less any amount you choose to include in the fund's assessable income. This amount is no longer treated as a contribution but treated like normal earnings of your fund.

Assessable foreign fund amount

Any amount of a foreign fund transfer that exceeds the amount that was vested in you at the time of transfer is included in the fund's assessable income.

Example: assessable component of the transfer from foreign fund

When John arranged for a transfer from his foreign super fund to his Australian super fund, his account balance was A$300,000. However, John's foreign employer allocated to him an additional $75,000 as a discretionary payment in recognition of his years of service. The additional $75,000 is the assessable component of the total transfer amount of $375,000.

Example: choosing the amount of applicable fund earnings to include in your fund's assessable income

Marianne, 62, transferred $420,000 from her foreign super fund to her complying Australian super fund in 2018–19, several years after she became resident in Australia.

- Marianne had given her TFN to her fund when she opened her account.
- As she is 62 years old, her fund does not have to confirm that she meets the work test before accepting the contribution.

The transfer consisted of:

- $400,000 which was vested in her at the time of the transfer, of which $50,000 was applicable fund earnings
- $20,000 which her foreign employer added to her account balance at the time of the transfer as a discretionary payment.

There are three options available to Marianne.

Option 1

Marianne decides **not to include any** of the applicable fund earnings in her super fund’s assessable income.

Her fund reports:

- $400,000 as the **Non-assessable foreign fund amount**
- $20,000 as the **Assessable foreign fund amount**
- $420,000 as **Total contributions**.

Income tax

- Marianne must include $50,000 applicable fund earnings in her personal assessable income for the year and pay tax on the amount at her marginal tax rates.
- The fund must include $20,000 in its assessable income for the year and pay tax on the amount at 15%.

Excess contributions

- $400,000 is counted towards Marianne’s non-concessional contributions cap (which is $300,000 for the year).
- $20,000 is counted towards Marianne’s concessional contributions cap (which is $27,500 for the year).
- When Marianne's fund reports the foreign fund transfer she will be issued with an excess non-concessional contributions determination and the excess may be subject to additional tax.

Option 2

Marianne chooses to include **all** of the applicable fund earnings in her super fund’s assessable income.

Her fund reports:

- $350,000 as the **Non-assessable foreign fund amount**
- $20,000 as the **Assessable foreign fund amount**
- $420,000 at **Total contributions**.

Income tax

- Marianne does not include any amount of the transfer in her personal assessable income for the year, as she had elected for the full amount of her applicable fund earnings to be included in the fund's assessable income.
- The fund must include $70,000 ($20,000 + $50,000) in its assessable income for the year and pay tax on the amount at

15%.

Excess contributions

- $350,000 is counted towards Marianne’s non-concessional contributions.
- $20,000 is counted towards Marianne’s concessional contributions.
- The $50,000 does not count towards either her concessional or non-concessional contributions.

Option 3

Marianne chooses to include $30,000 of her applicable fund earnings in her super fund’s assessable income.

Her fund reports:

- $370,000 as the **Non-assessable foreign fund amount**
- $20,000 as the **Assessable foreign fund amount**
- $420,000 as **Total contributions**.

Income tax

- Marianne must include $20,000 (her applicable fund earnings of $50,000 less the $30,000 she has elected to include in the fund's assessable income) in her personal assessable income for the year and pay tax on the amount at her marginal tax rates.
- The fund must include $50,000 ($20,000 + $30,000) in its assessable income for the year and pay tax on the amount at 15%.

Excess contributions tax

- $350,000 is counted towards Marianne’s non-concessional contributions.
- $20,000 is counted towards Marianne’s concessional contributions.
- The $30,000 does not count towards either her concessional or non-concessional contributions.

For more information see **Tax treatment of transfers from foreign super funds**.

Transfers from United Kingdom funds

United Kingdom (UK) funds must comply with the requirements of His Majesty's Revenue and Customs (HMRC). The HMRC website has information about transferring amounts from UK funds to non-UK funds, including Australian super funds or residents.

For more information:

- see gov.uk [Workplace and personal pensions] – search for 'Transferring your pension', 'List of recognised overseas pension schemes (ROPS)'
- see [Pension schemes newsletter 36] – National Archives, UK
- contact your Australian super fund for further details.

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Withdraw a lump sum directly from a foreign super fund

How a lump sum received from a foreign super fund is taxed.

2 August 2023

Tax on a lump sum depends on when you receive it

If you withdraw a lump sum directly from a foreign super fund, the tax treatment depends on whether you receive the lump sum payment:

- [within 6 months of becoming a resident]
- [within 6 months of ceasing foreign employment]

- [more than 6 months after becoming an Australian resident or ceasing foreign employment]().

Within 6 months of becoming a resident

A lump sum payment you receive within 6 months of becoming an **Australian resident for tax purposes** is tax-free if both of these conditions apply:

- the payment relates only to a period when you were not an Australian resident, or a period that started after you became an Australian resident and ended before you received the payment
- the payment doesn't exceed the amount in the fund that was vested in you when you received the payment.

Within 6 months of ceasing foreign employment

A lump sum payment you receive within 6 months of ceasing foreign employment (including retirement and cessation because of death) is tax-free if all these conditions apply:

- you were an **Australian resident for tax purposes** during the period of employment
- the payment relates only to period of employment
- the payment is not exempt from tax under the law of the foreign country
- your earnings or remuneration from the employment are exempt from income tax in Australia.

More than 6 months after becoming an Australian resident or ceasing foreign employment

If you receive a lump sum payment more than 6 months after becoming an **Australian resident for tax purposes** or ceasing foreign employment you can either:

- include the lump sum amount that relates to your applicable fund earnings in your assessable income for the year
- transfer the entire value of your super interest directly from the foreign super fund into a complying Australian super fund and choose to include all or part of your applicable fund earnings in the fund's assessable income.

If you choose to transfer the super interest into a complying Australian super fund, the amount you include in your assessable income is the applicable fund earnings less the amount of these earnings you have chosen to be assessed in the fund.

The remainder of the super lump sum is tax-free.

Applicable fund earnings

Broadly, applicable fund earnings are the earnings on your foreign super interest that have accrued since you became a resident of Australia.

How the applicable fund earnings are calculated depends on whether you were an Australian resident at all times during the period to which the lump sum relates. The way to calculate your applicable fund earnings is set out at section 305-75 of the *Income Tax Assessment Act 1997*.

You can request a **private ruling** to determine how much of a transfer is applicable fund earnings.

Example: applicable fund earnings and becoming an Australian resident

In June 2015, Hassan left Australia and worked overseas. During this time, he contributed to a foreign super fund. In July 2018, Hassan returned to Australia and immediately again became an Australian resident for tax purposes. At this time, his foreign super interest was valued at $12,000.

In February 2019, Hassan decided to transfer the balance of his foreign super fund to himself. The value of his super interest was then $13,500, of which $1,500 was earned since he became an Australian resident. The $1,500 represents applicable fund earnings that Hassan is required to declare in his tax return. He does not have to include the $12,000 in his assessable income.

Including applicable fund earnings in your fund's assessable income

If you transfer the entire amount of your super interest into a complying Australian super fund, you can choose to have all or some of your applicable fund earnings included in the fund's assessable income.

The taxable income of a complying super fund is generally taxed at a concessional rate of 15%, which may be less than the rate you would pay personally.

You make this choice on the **Completing your choice to have your Australian super fund pay tax on a foreign super transfer** form.

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Trans-Tasman retirement savings transfers

How you can transfer money between Australian super funds and New Zealand KiwiSaver schemes.

2 August 2023

Trans-Tasman Retirement Savings Portability scheme

The Trans-Tasman Retirement Savings Portability scheme allows you to transfer your retirement savings between Australia and New Zealand when you move from one country to the other.

The transfer is voluntary for both:

- members

- Australian super funds and New Zealand KiwiSaver scheme providers.

Check with your Australian super fund or New Zealand KiwiSaver scheme provider to confirm they are participating in the scheme. Only complying super funds that are regulated by the Australian Prudential Regulation Authority (APRA) and New Zealand KiwiSaver scheme providers can participate in these transfers.

If you have permanently emigrated to New Zealand or are a New Zealand citizen, you may be eligible to transfer any ATO-held unclaimed super money we are holding for you to a New Zealand KiwiSaver scheme.

Transfers to Australia

If you move permanently or indefinitely to Australia, you may transfer your retirement savings from a KiwiSaver scheme to a participating Australian super fund.

Check with your KiwiSaver scheme provider and your Australian super fund to see if they will charge any fees for transferring or accepting funds on your behalf.

You'll need an **Australian tax file number** (TFN) to transfer your retirement savings to an Australian super fund.

Information you may need from your KiwiSaver scheme provider

When transferring super savings from your KiwiSaver scheme to an Australian super fund, your fund may request details of any:

- Australian-sourced or New Zealand-sourced amounts that form part of the transfer
- tax-free component of an Australian-sourced amount
- amount not previously counted towards the non-concessional contributions cap
- restricted non-preserved or unrestricted non-preserved amounts.

Ask your KiwiSaver scheme provider to provide these details. The Australian super fund will only accept the transferred amount when they have this information.

Conditions on transfers to an Australian super fund

Transfer limits and excess contributions tax

Transfers from a New Zealand KiwiSaver scheme to a complying Australian super fund must be the whole balance of the account – partial transfers are not allowed.

If your balance is more than the transfer limit, you will be unable to transfer your savings.

New Zealand-sourced retirement savings transferred to Australia are treated as non-concessional (or personal) contributions and are subject to the **non-concessional contributions cap**. Contributions over this cap are subject to excess contributions tax.

Your **total superannuation balance** also impacts how much you can contribute.

Transfer only to an APRA fund

Money transferred from a KiwiSaver scheme:

- can only be transferred to, and held in, a complying super fund regulated by APRA
- cannot be transferred to a self-managed super fund.

How transfers are treated

A transfer from a New Zealand KiwiSaver scheme to a participating Australian super fund is not taxed. Withdrawals from your Australian super account are tax-free once you meet a condition of release.

Any savings you transfer to an Australian super fund are:

- not deductible as a personal contribution
- not eligible personal contributions for the purpose of receiving the super co-contribution
- not eligible for a spouse contribution tax offset.

Accessing your retirement savings

Retirement savings you transfer to Australia from New Zealand are held in your super fund in two parts:

- the New Zealand-sourced component

- the Australian-sourced component.

To access the Australian-sourced component, generally you will need to be 60 or older and satisfy the **Australian definition of retirement**.

To access the New Zealand-sourced component, you will need to reach the New Zealand age of retirement (currently 65).

Transfers to New Zealand

If you move permanently to New Zealand, you may be able to transfer your Australian retirement savings that are:

- held in a participating Australian super fund – to a New Zealand KiwiSaver scheme
- ATO-held unclaimed superannuation money – to a KiwiSaver scheme, or directly to a New Zealand financial institution in some circumstances.

Transfer from an Australian super fund

To transfer retirement savings from your Australian super fund to a KiwiSaver scheme, you must:

- hold your retirement savings in a complying APRA-regulated superannuation fund
- have permanently emigrated to New Zealand – you need to sign a statutory declaration stating this is the case, and provide proof of residence at an address in New Zealand
- transfer the whole balance of your super savings to a KiwiSaver scheme
- ensure the KiwiSaver scheme is ready to receive and accept your Australian transfer.

Check with your Australian super fund and KiwiSaver scheme provider to see if they will charge any fees for transferring or accepting funds on your behalf.

You'll need a New Zealand Inland Revenue Department (IRD) number to transfer your retirement savings to a KiwiSaver scheme.

Transfer of ATO-held unclaimed super money

New Zealand permanent residents and citizens who have worked in Australia and received superannuation contributions may be able to have any ATO-held unclaimed super money (USM) transferred to their KiwiSaver scheme or New Zealand financial institution.

When an Australian super fund can no longer locate you, or your account is deemed an inactive low balance account, they are required to transfer the funds to us. Money transferred to us in these circumstances is known as **ATO-held USM**.

You may be able to have your ATO-held USM transferred if all of these conditions are met:

- you have permanently emigrated to New Zealand and have worked in Australia and received superannuation
- you're a New Zealand citizen who has worked in Australia and received superannuation
- your unclaimed superannuation money is held by the ATO
- you can provide enough information for us to be satisfied that the money being held belongs to you.

Tax may be payable on direct payments.

You'll need to check that your KiwiSaver scheme is participating in the Trans-Tasman Retirement Savings Portability scheme and will accept payments of ATO-held USM.

To apply, complete the **application form** and provide sufficient information to demonstrate that the money being held belongs to you.

There is no need to contact us to check the progress of your application. Your KiwiSaver scheme provider will notify you that the transfer is accepted on your member statement.

For more information, see **Searching for lost super**.

Transfer of ATO-held USM to a New Zealand financial institution

You may apply to have your ATO-held USM transferred directly to your New Zealand financial institution if:

- you're 65 years or older, or
- the amount is less than $200.

Tax may be payable in Australia.

Conditions on transfers to a KiwiSaver scheme

Transfer rules

Australian retirement savings transferred to a KiwiSaver scheme:

- can only be transferred from a complying super fund that is regulated by APRA
- can't be used to purchase your first home
- can't be moved to a third country.

There are no limits on how much you can transfer from an Australian super fund to a KiwiSaver scheme. However, you must transfer the whole balance of your Australian fund.

How transfers are treated

A transfer from a participating Australian super fund to a New Zealand KiwiSaver scheme is not taxed. Withdrawals from your KiwiSaver scheme are tax-free once you are legally allowed to access them.

Accessing your retirement savings

Australian retirement savings transferred to New Zealand are held in your KiwiSaver scheme in two parts:

- the Australian-sourced component
- the New Zealand-sourced component.

To access the Australian-sourced component, generally you will need to be 60 or older and satisfy the **Australian definition of retirement**.

To access the New Zealand-sourced component, you will need to reach the New Zealand age of retirement (currently 65 years old).

Moving back to your original country

If you move back to your original country, you can transfer your savings back.

If you move back to Australia, you will need to provide a statement to your Australian super fund showing the:

- components of your savings (Australian or New Zealand) that were previously counted toward your Australian non-concessional contributions cap
- different components (such as tax-free and taxable) of your retirement savings, so they retain that status when transferred back to Australia.

If you don't provide this statement, all your savings will be counted towards the non-concessional contributions cap and you may have to pay excess contributions tax. Furthermore, all the components of your Australian-sourced savings will become taxable and you may be liable for additional tax.

Example

Silpa is 35 years old. She is an Australian citizen currently living in New Zealand.

During her working life in Australia, Silpa accumulated $20,000 in her Australian complying super fund. She does not intend to return to Australia and transfers her Australian super benefits to her KiwiSaver scheme in New Zealand.

Silpa’s Australian fund provides her and the receiving KiwiSaver scheme with a statement about the transferred benefits, including information about her contributions (concessional or non-concessional) and components (taxable or non-taxable).

After 15 years in New Zealand, Silpa decides to return to Australia and transfers all her accumulated savings to an Australian complying super fund.

Silpa provides the receiving Australian fund with a statement from her previous Australian fund confirming $10,000 of her Australian-sourced savings were counted towards the non-concessional contributions cap. This amount is not counted against the cap again. The taxable and non-taxable components of her Australian-sourced savings also retain their status.

Silpa’s New Zealand-sourced savings, and the balance of her Australian-sourced savings, are subject to the non-concessional contributions cap as they were not previously counted against them.

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Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.