Save for your deposit in super!

First home super saver scheme

The *First home super saver (FHSS)* scheme allows first home buyers to save for the deposit of their first home within the tax-friendly environment of super.

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Taking advantage of super's lower tax rates could help you save faster, compared with saving through a standard deposit account.

How does it work?

Eligible first home buyers can access money they've voluntarily contributed to their super since 1 July 2017 to help with a deposit for their first home.

You may be able to use this scheme if:

- you're a first home buyer
- your name will be on the title of the property you're purchasing and
- you intend to live in the premises for at least six months of the first twelve months that you own it, after it's practical to move in

Once your savings have been released, you have up to 12 months (from the date you requested the release) to sign a contract to purchase or construct a home in Australia.

You must apply for and receive a determination from the ATO before signing a contract for your first home.

The FHSS scheme is administered by the Australian Taxation Office (ATO). This is a summary of some key details about the scheme. To find out more, visit the ATO website at ato.gov.au/FHSS or contact the ATO on 13 10 20.

Eligibility criteria

To be eligible, you:

- must be 18 years or older to request a determination or release under the scheme. You can start making super contributions before you turn 18
- can't have owned property in Australia before.[1] This includes land and investment or commercial property
- must not have previously requested a release of super under the FHSS scheme

You don't need to be an Australian citizen or resident, or an Australian resident for tax purposes.

Couples, siblings or friends can each use their own eligible contributions to purchase the same property. If any of you have previously owned a home, it won't stop others who are eligible from applying.

[1]If you've previously owned property in Australia you may still be eligible if the ATO determines that you've suffered a financial hardship that resulted in a loss of ownership of a property. You should contact the ATO on 13 10 20 for more information.

What kind of property can I buy?

The home you purchase or construct must be located in Australia.

You can't use a FHSS release for the following types of property:

- any premises not capable of being occupied as a residence
- a houseboat
- a motor home
- vacant land (see below)

If you intend to purchase a vacant block of land to build a home on, you must enter into a contract to construct your home within 12 months (or other period allowed) from the date you requested the release. In this situation, you mustn't have purchased the vacant land before applying for a determination.

How much can I access?

You can apply to access:

- up to $15,000 of your eligible voluntary contributions from any one financial year
- up to a total of $50,000 across all years (since 1 July 2017)

You'll also receive an amount of deemed earnings that relate to those contributions.

The maximum amount you can withdraw (taking into account the yearly and total limits above) is:

- 100% of your eligible personal contributions that you haven't claimed a tax deduction for
- 85% of your eligible salary sacrifice contributions
- 85% of your eligible personal contributions you've claimed a tax deduction for
- an amount of deemed earnings associated with these contributions (determined by the ATO and may be more or less than your actual earnings)

Certain KiwiSaver and other foreign fund transfer amounts are eligible contributions for calculating your FHSS maximum release amounts. CareSuper doesn't accept transfers from foreign accounts. Conditions apply. Contact the ATO for more information.

Note that tax will be withheld by the ATO on the amount released. Refer to *Tax on your FHSS release* on page 3 for more information.

Your payment could be reduced (including to nil) if you have an outstanding debt with the ATO or another Commonwealth agency.

Ineligible contributions

The following contributions can't be released under the scheme:

- super guarantee (SG) contributions made by your employer
- mandated employer or member contributions made for you under an award or industrial agreement
- contributions made for you by your spouse, parent or other friends or family
- amounts you receive under a contributions-splitting arrangement
- super co-contributions paid by the government
- contributions under a structured settlement or personal injury order
- amounts contributed to super as part of the small business CGT concessions
- amounts transferred from a KiwiSaver scheme that are Australian-sourced amounts or returning New Zealand-sourced amounts
- applicable fund earnings from a foreign fund transfer that you elect to include in the receiving fund's assessable income
- contributions to a defined benefit interest or constitutionally protected fund, or contributions that are required to be made under a law of a state or territory, or the rules of a fund are also excluded from being eligible
- amounts that are COVID-19 early release of super re-contributions

Excess before-tax (concessional) or after-tax (non-concessional) contributions aren't eligible even if they otherwise would have been.

How can I save more?

You can contribute up to your existing super contribution caps, but keep in mind there are limits on how much you can access under the scheme. See *How much can I access?* on page 2 for more details.

Making contributions into your account is easy. You have a few options:

BPAY® - you'll need the biller code and your reference number for member contributions which are shown on your member statements and in **Member Online**. Please note personal and spouse contributions have different biller codes and reference numbers, and we don't accept BPAY payments from a credit card.

Cheque - make your cheque payable to 'CareSuper' and attach a completed *Make a super contribution* form

Salary sacrifice - speak to your employer about making regular payments out of your pay. Read our *Salary sacrifice and super* fact sheet for more details.

Having amounts released under the FHSS scheme doesn't affect the calculation of your contribution caps. Your contributions still count towards your contribution caps for the year they were originally made.

For more information about contribution caps read our *Super contributions* fact sheet.

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What tax will I pay?

Tax on the contributions

Super contributions are generally either before-tax (concessional) contributions or after-tax (non-concessional) contributions. The main difference is when you can make them and how they're taxed.

Generally, you don't pay any tax on after-tax contributions (as you or your spouse already paid income tax on these amounts).

Before-tax contributions are generally subject to a tax rate of 15%. This is called a 'contributions tax'.

However, if the total of your income and before-tax contributions is over $250,000 a year, you may pay an extra 15% on some or all of your before-tax contributions, as advised by the ATO. If you earn $37,000 or less you may be eligible to receive some or all of this tax back with the government's low income super tax offset. See our *Super contributions* fact sheet for more information.

Contributions tax is deducted from your account when employer contributions and salary sacrifice contributions are received. It's also deducted when you claim a tax deduction for personal contributions you've made.

You can easily check how much contributions tax has been deducted from your account in **Member Online** and on your statements.

For more information, read our H*ow super works guide.*

Tax on your FHSS release

If you receive an amount under the FHSS scheme, it will affect your tax for the year in which you make the request to release the funds (even if you don't receive the released amount until the following financial year).

When you apply to release your funds, the ATO will withhold some tax before paying the balance to you. This will help you meet your tax liability at the end of the financial year.

The amount withheld is calculated at either:

- your expected personal tax rate, including Medicare levy, less a 30% offset or
- 17% if the ATO is unable to estimate your expected marginal rate

For example:

If your tax rate is 39% including the Medicare levy, the ATO will withhold 9%.

If you have an outstanding debt with the ATO or another Commonwealth agency, your release amount may be offset against this debt. Your release payment could be delayed or reduced (including to nil) if you have an outstanding Commonwealth debt.

When you lodge your tax return, the ATO will recalculate your tax liability based on your actual marginal tax rate for the year that you requested the release, taking into account the amount of tax that was withheld and the 30% tax offset.

The ATO will send you a payment summary at the end of the financial year. It will show your assessable FHSS released amount, which is comprised of:

- concessional contributions
- associated earnings on both concessional and non-concessional contributions.

You need to include the amount stated in your payment summary, in your tax return for the financial year you request the release - this may be different to the financial year you receive the FHSS amount.

How to apply

When you're ready, you need to apply to the ATO for a determination and a release.

Important information

You must apply for a determination before signing any property contract. You can request a determination more than once, but you can only apply for a release once.

You can apply for a release before signing any property contract. But if you sign a property contract before requesting a release, you must request a release within 14 days of signing the contract.

1.

Log into myGov

Log into your myGov account and go to your linked ATO account. You'll find the FHSS options under Super > Life changes.

2.

Request a determination

Most eligible contributions will pre-fill into the online determination form, but you'll need to check these details are correct before you submit your determination. You can add any missing contributions into your determination.

You can check your contribution types, amounts and dates in your transaction history in **Member Online** or you can call us on **1800 005 166**. Don't use your payslips to complete your determination request.

You'll also need to include details of any tax deductions you've claimed (or intend to claim) in relation to your contributions.

Your request may be delayed or cancelled if you provide incorrect information, and you may not be able to apply under the scheme in the future.

The maximum amount you can withdraw will be shown on the screen straight away.

3.

Request a release

Before you request a release of your savings, you should:

- check that you've made all of the voluntary contributions you want to make
- make sure your determination amount is correct by checking all of the information, including the super contributions and tax deductions. Any issues will need to be resolved before you apply for a release.

You can request a release of the maximum release amount stated in the determination, or you can choose a lower amount.

As part of your release application, you'll need to confirm that you won't claim further tax deductions on the after-tax (non-concessional) contributions included in the determination.

Once you've requested a release you can't request another one, even if you've requested an amount less than your maximum release amount.

The ATO will issue an authority to us requesting the release of the funds. We'll pay the funds to the ATO who will withhold the appropriate amount of tax before sending the balance to you.

4.

Notify the ATO within 28 days of signing a contract

Once your savings have been released, you have up to 12 months (or other period allowed) from the date you requested the release to sign a contract to purchase or construct a home.

You must notify the ATO within 28 days of signing the contract to purchase or construct your home (not the settlement date). You can notify the ATO using myGov.

If you don't end up signing a contract to purchase or construct a property, you can recontribute the assessable amount (less tax withheld) into your super fund. If you do this, you must notify the ATO within 12 months of the date you request the release of your super.

If you don't notify the ATO that you have done one of the above, or you choose to keep the released amount, you may be subject to the FHSS tax. Contact the ATO for more information.

It may take between 15 and 25 business days for you to receive your money.
You should consider this timing when you start your home buying activities.

Other frequently asked questions

What if I buy a house with someone who's previously owned property?

If one of you has previously owned a home, it doesn't stop others who are eligible from applying. As eligibility is determined individually, couples, siblings or friends can each use their own eligible contributions to purchase the same property, potentially enabling a larger deposit to be saved.

What happens if I don't sign a contract within 12 months?

The ATO will automatically give you an extension of time for an extra 12 months to sign a property contract.

The maximum time you have to sign a property contract or recontribute the amount to super is 24 months from the date you requested the release of your FHSS amount.

If you don't sign a property contract or recontribute the funds to super, you'll incur FHSS tax. Contact the ATO for more information.

Can I apply for other government support to purchase a home?

Your eligibility for the scheme won't be affected if you use other state or federal home purchasing schemes.

If you want to access state government concessions as a first home buyer, you'll need to check with the relevant state government authority to confirm that you meet the eligibility criteria for each concession.

Will it impact my family tax benefit or child support?

The FHSS amount released from super isn't included in your assessable income for calculating family assistance and child support payments.

All our forms and publications are available at caresuper.com.au/forms-publications or call us, and we'll send you a copy.

Will it impact my study and training loans?

Amounts released under the scheme won't be used to reduce the account balance of your higher education or trade support loan (e.g. HELP, SFSS or TSL). They also won't be included in your repayment income in the year you request the withdrawal of your super contributions under the FHSS scheme.

However, if you have an overdue income tax debt which includes a compulsory repayment for your study loan, then part of your released FHSS amounts will be used to pay this compulsory repayment as it forms part of your income tax debt.

If you're making salary sacrifice contributions to super, this amount is included in your reportable super contribution in that financial year. These amounts are included in the income assessment for study and training support loans and the repayment of these loans.

Is the FHSS scheme a good thing for all first home buyers?

It's important to note that this scheme isn't for everyone. When making any major financial decision, it's always a good idea to get advice.

Need advice?

We're here to help you make the most of your super. You can access general information, education, and personal advice about your CareSuper account at no extra cost.

If you need advice on your entire financial situation or have more complex needs, we can assist with that too. There might be an additional cost, but we'll explain any fees upfront, and you'll only pay for the services you agree to.

For more details, visit **caresuper.com.au/advice**.

Here to help

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