Parliamentary Budget Office

ECR-2025-3128

Stop the superannuation rorts for the billionaires and ultrawealthy	
Party:	Australian Greens
Summary of proposal: The proposal would discontinue superannuation tax concessions for amounts over the transfer balance cap. The proposal would have a start date of 1 July 2025 and would be ongoing.	
Additional information (based on further advice provided): The proposal would prevent individuals whose total superannuation balance is greater than the transfer balance cap from accessing any superannuation tax concessions for the value of the balance that exceeds this limit. This would include removing concessional tax treatments on superannuation contributions and earnings. This policy applies regardless of whether an individual is in the accumulation or retirement phase.	

Costing overview

The proposal would be expected to increase the fiscal and underlying cash balances by around $33.6 billion over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects an increase in tax collected on superannuation contributions and earnings.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

Table 1: Stop the superannuation rorts for the billionaires and ultrawealthy – Financial implications ($m)[(a)(b)]

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	8,030.0	8,690.0	8,930.0	7,950.0	**33,600.0**
Underlying cash balance	8,030.0	8,690.0	8,930.0	7,950.0	**33,600.0**

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.
(b) PDI impacts are not included in the totals.

The financial impacts of this proposal are sensitive to population growth rates, superannuation fund earnings in both the accumulation and retirement phases and withdrawal rates for retirees. Given the compounding effects of earnings, the uncertainty on the estimates increases rapidly over the decade, with a plausible band of around plus or minus $5 billion by 2035-36.

Under this policy, those with a superannuation balance above the transfer balance cap would pay tax on superannuation earnings and contributions at their marginal tax rate, instead of the standard 15% superannuation tax rate.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- This policy supersedes existing policies to remove superannuation concessions (including Divisions 293 and 296).
- The average retirement age is 67, reflecting the current Age pension eligibility age.
- Superannuation fund earnings are on average 7.5% per annum in accumulation and 6.2% in retirement.
- The average yearly withdrawal rate in retirement is 5.5% of the Transfer Balance Cap (indexed to CPI). This is slightly above the minimum withdrawal from super accounts in retirement of 5%.
- Growth in both personal and employer superannuation contributions will align with Average Weekly Ordinary Time Earnings (AWOTE) until an individual reaches retirement age, at which point contributions will taper off.
- The population of affected superannuation accounts with high balances will fluctuate each year. This is due to the relatively small size of this population, with small fluctuations in this population leading to large changes in the estimates.
    - These population fluctuations were calculated using population age and gender profiles and Australian Government Actuary data on age-specific death rates.
    - The vintage of the base file for modelling may significantly affect the results. For example, a base file from a year of a share market crash will significantly change the size of the relevant population for this costing, compared to a base file from a year of a share market boom.
- While the behavioural responses to this proposal may be significant, the aggregate impact of these responses is unlikely to have a significant impact on the fiscal costs of this policy.
    - Any reduction in contributions due to the removal of concessions would be invested outside the superannuation system at an equivalent return. Provided the earnings are taxed in Australia, these investments would not affect the financial implications for the proposal given that the marginal tax rate would apply regardless of whether the amounts are taxed through the personal income tax or superannuation tax systems. This analysis does not break down each individual component, but instead shows the aggregate figure.
- Around 92% of superannuation tax liabilities (excluding those attributed to Division 296) would be paid in the income year they are accrued, and the remaining 8% would be paid in the following year.
- Around 15% of Division 296 tax liabilities would be paid in the income year after they were accrued, and the remaining 85% would be paid in the year after.
- The Australian Taxation Office would be able to implement this policy from within existing resources.

Methodology

The financial implications were estimated using 2022-23 superannuation fund data provided by the Australian Taxation Office. A dynamic cohort model was used to project how the superannuation accounts of different cohorts would grow over time, factoring in their age and contributions' tax treatment for superannuation accounts with different balances. The total account balances for each cohort were calculated by multiplying the average account balance by the expected population within each cohort.

The difference in the estimated tax collections between the proposed and current policy settings is the financial impact.

Financial implications were rounded consistent with the PBO's rounding rules.[1]

Data sources

The Australian Taxation Office provided data on superannuation account balances of members and personal income tax returns as at 30 June 2023.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025,* Commonwealth of Australia.

[1] https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules

Attachment A – Stop the superannuation rorts for the billionaires and ultrawealthy – Financial implications

Table A1: Stop the superannuation rorts for the billionaires and ultrawealthy – Fiscal and underlying cash balances ($m)[(a)]

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Revenue													
Superannuation tax	*8,030.0*	*8,690.0*	*8,930.0*	*7,950.0*	*7,750.0*	*7,530.0*	*7,890.0*	*7,770.0*	*8,120.0*	*7,920.0*	*8,310.0*	***33,600.0***	***88,890.0***
Total – revenue	**8,030.0**	**8,690.0**	**8,930.0**	**7,950.0**	**7,750.0**	**7,530.0**	**7,890.0**	**7,770.0**	**8,120.0**	**7,920.0**	**8,310.0**	**33,600.0**	**88,890.0**
Total (excluding PDI)	**8,030.0**	**8,690.0**	**8,930.0**	**7,950.0**	**7,750.0**	**7,530.0**	**7,890.0**	**7,770.0**	**8,120.0**	**7,920.0**	**8,310.0**	**33,600.0**	**88,890.0**

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

Table A2: Stop the superannuation rorts for the billionaires and ultrawealthy – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances ($m)[(a)(b)]

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Fiscal balance	*180.0*	*560.0*	*970.0*	*1,390.0*	*1,800.0*	*2,220.0*	*2,660.0*	*3,140.0*	*3,640.0*	*4,170.0*	*4,730.0*	***3,100.0***	***25,460.0***
Underlying cash balance	*130.0*	*460.0*	*870.0*	*1,280.0*	*1,690.0*	*2,110.0*	*2,550.0*	*3,020.0*	*3,510.0*	*4,030.0*	*4,590.0*	***2,740.0***	***24,240.0***

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary[2].

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

[2] Online budget glossary – Parliamentary Budget Office (pbo.gov.au)