



Let's say you've just sold the house you inherited from your parents 12 years ago for \$1.3 million. You've been renting it out for most of that time, but the property market has been hotting up and you were told by several real estate agents that they could get you a good price. But what about the tax consequences?

At age 50, you're still working (salary of \$120,000 per annum), having returned to the workforce in July 2023 following a five-year absence for personal reasons. You don't expect to retire from paid employment until age 65 at the earliest. Your total super balance on 30 June 2025 was \$300,000, sitting in a retail fund.

Your accountant has calculated the net capital gain on selling Mum's house as \$600,000. After applying the 50% CGT discount, this results in a taxable income of \$420,000, and a whopping tax bill of \$163,538 to go with it. Can anything be done?

Depending on your superannuation history, there may be a legitimate way of taking a big chunk out of that tax bill while topping up your super at the same time.

Concessional super contributions are subject to an annual cap, which is set at \$30,000 for the 2025-26 income year. That figure is well above the mandatory employer super guarantee amount for most income levels. Many people don't go close to using up their concessional contribution caps, which can leave them with carry-forward concessional contributions.

To help people with modest total super balances (below \$500,000 on the previous 30 June), the government gives them the option of using some or all of their previously unused concessional contributions cap on a rolling basis for five years – ie, the five previous income years from 2020-21 to 2024-25, plus the current year (2025-26).

Conveniently, the ATO keeps track of your carry-forward concessional contributions balance, which you can look up on myGov.

The beauty of this arrangement is that you can use your catch-up concessional contributions to make personal deductible contributions, which can offset part of the CGT gain from the sale of the inherited property. Instead of being taxed at the top marginal rate of 47%, the amount of the catch-up contribution is taxed at the normal rate of 15% in your super fund, which creates a net saving of 32% on the contributed amount.

It is not unusual for someone to have carry-forward concessional contributions in excess of \$100,000, which would take your taxable income down to \$320,000, with tax payable of \$116,538, or \$47,000 less than what your tax bill would be without making the tax deductible catch-up contribution. That tax saving has to be reduced by \$15,000 in contributions tax payable by your super fund, for a net saving of \$32,000.

Remember, however, that any super contributions you make at age 50 will not be accessible until you reach preservation age (60 if retired or 65 if you're still working). If you have other plans for that \$100,000 (and you did pocket \$1.3 million on the house sale) you will need to weigh up your options. But locking up a small part of the house proceeds seems like a small price to pay for a \$32,000 tax saving.

On the other hand, if you have an appetite for putting even more money into your super, you might want to consider also making a non-concessional contribution of up to \$360,000. This is not tax deductible and there is no 15% contributions tax when paid into your fund.

That covers the tax side of things but since you have received a life-changing windfall, you should consider getting advice from a licensed financial adviser.

If you find yourself in this situation, come in and see us well before 30 June 2026. If you decide to go ahead with making a catch-up contribution the super fund has to be notified, which we can help you with. 💰

This information has been prepared without taking into account your objectives, financial situation or needs. Because of this, you should, before acting on this information, consider its appropriateness, having regard to your objectives, financial situation or needs.