First Home Super Saver Scheme (FHSSS)

The FHSSS allows first home buyers to save a deposit for their first home inside their superannuation account. This will help accelerate savings due to the favourable tax treatment of money saved in super accounts.

Under this scheme first home buyers can withdraw up to $30,000 of eligible contributions, plus interest earned on that money, for use in purchasing an eligible property. And, as eligibility for the FHSSS is assessed on an individual basis - couples, siblings or friends can each access their own eligible FHSSS contributions to purchase the same property.

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How it works:

1. Individuals must make voluntary contributions into their super account. These can include pre-tax or salary sacrifice contributions as well as after tax contributions.
2. Individuals can only contribute up to the existing superannuation concessional contribution cap. That is, the total of guaranteed employer contributions plus personal voluntary contributions must not exceed $25,000 in each financial year. The voluntary contributions within that $25,000 cap are eligible for the FHSSS. (For example, if your employer pays a total of $8,000 per annum into your super account and you make voluntary contributions of $6000 per annum, $500 per month, only the $6000 you voluntarily contributed is eligible for the FHSSS).
3. Individuals can apply for a maximum of $30,000 of voluntary contributions to be released under the FHSSS. However, the maximum amount of contributions saved in a single year that is eligible for release is $15,000. (For example, if an individual makes $18,000 of voluntary contributions in one year and $10,000 the next year, the maximum amount that is eligible for release under the FHSSS is $25,000 - $15,000 from the first year and $10,000 from the second).
4. Individuals can only access eligible contributions under FHSSS once.
5. To be eligible to receive funds under FHSSS individuals must be 18 years or over and
    a. have never owned property in Australia – this includes an investment property, commercial property, a lease of land in Australia, or a company title interest in land in Australia.
    b. are not using FHSSS amounts to purchase
        i. any premises not capable of being occupied as a residence
        ii. a houseboat
        iii. a motor home
        iv. vacant land.
    c. either live or intend to live in the premises they are buying as soon as practicable
    d. intend to live in the property for at least six months of the first 12 months they own it, after it is practical to move in.

Applying for release of funds under FHSSS:

1. Applications for release of funds under FHSSS must be made to the Australian Tax Office (ATO) using the approved form available on the ATO's website. An individual must have received released amounts from the FHSSS before they sign a contract to purchase or construct residential premises.
2. The ATO advises that it will take approximately 25 business days for a request to be approved and the funds released.
3. The ATO will deduct withholding tax and send the balance to the individual.
4. Withholding tax will be calculated at either:
   a. The individual's marginal tax rate less a 30% offset, or
   b. 17% if the Commissioner is unable to estimate the individual's expected marginal rate.
5. The individual's will need to include the amount of tax withheld in their tax return for the year they requested the release.

After the savings have been released

1. Individuals have up to 12 months to sign a contract to purchase or construct a home.
2. If the individual does not sign a contract to purchase or construct a home within 12 months of receiving their FHSSS amount, they can:
   - apply for an extension of time of up to a maximum of a further 12 months
   - recontribute the amount into their super fund. This must be at least equal to your assessable FHSSS released amount, less any tax withheld by the ATO
   - keep the released amount and be subject to a FHSS tax. This is a flat tax equal to 20% of the assessable FHSSS released amounts.
3. An individual must notify the ATO if they either sign a contract to purchase or construct a home, or recontribute the amount into their super fund or they will be subject to this tax.

More information

To read up in more detail head to the First Home Super Saver Scheme on the ATO website.

1. Concessional contribution cap. Concessional (pre-tax) contributions to your super include: employer contributions, any amount you salary sacrifice into super and any personal (post-tax) contributions for which you claim a tax deduction. The concessional contributions cap is currently $25,000 - that is, the sum of all concessional contributions must not exceed that amount. If you have more than one fund, all concessional contributions made to all of your funds are added together and counted towards the concessional contributions cap. Concessional contributions above that amount may attract additional tax.

For more details see Contribution Caps on the ATO website.

Contact us

It all adds up

Done today
Smart easy actions

Positive actions
Grow your wealth

Brighter futures
Someday starts today