AustralianSuper

EMPLOYER

Your super obligations

Meeting employer Superannuation Guarantee (SG) and Tax File Number responsibilities will mean you can claim SG contributions as a tax deduction and avoid penalties from the Australian Taxation Office. Read on to find out how.

SG contributions

Superannuation Guarantee law requires employers to pay a minimum amount of super for their employees.

Generally you have to pay super for an employee if they:

- are over 18 years old
- under age 18 and work at lest 30 hours per week
- earn $450 or more (before tax) in a calendar month, and
- are employed on a full-time, part-time or casual basis (including those who are working in Australia temporarily).

How much do you need to pay?

The minimum you must pay is currently 9.5% of the employee's ordinary time earnings. If your employees are covered by an award or employment agreement which specifies a higher super contribution than 9.5%, you must pay the higher amount.

For help to work out if you need to pay a higher amount because of an award, you can call Fair Work Australia on 1300 799 675 or visit fwc.gov.au

Using ordinary time earnings to calculate SG

For employees with straightforward terms and conditions of employment, working out ordinary time earnings should be simple. But for more complex salary arrangements – with loadings, allowances or commissions for example – working out ordinary time earnings becomes a little more involved.

The following checklist shows the payments that count as salary or wages and ordinary time earnings. It's a summary and provides general guidance only. For more detailed information, please call the Australian Taxation Office (ATO) on 13 10 20 or go to ato.gov.au

Using the maximum contributions base to calculate SG

There's a limit to the amount of SG that you have to pay for an individual employee. This is known as the maximum contribution base and for the 2016/17 financial year, the maximum contribution base is $51,620 a quarter (or $206,480 a year).

For employees whose ordinary time earnings are higher than the maximum contributions base, you may still contribute based on 9.5% of ordinary time earnings.

Salary and wages and ordinary time earnings checklist

Payment types	Counted as: salary or wages?	Counted as: ordinary time earnings?
Awards and agreements		
No ordinary hours of work stipulated	Yes	Yes
Overtime	Yes	No
Overtime – where an agreement overrides an award to remove distinction between ordinary and other hours	Yes	Yes
Piece-rates – no ordinary hours of work	Yes	Yes
Shift-loadings – casual	Yes	Yes
Allowances		
Danger allowance	Yes	Yes
Expense allowance expected to be fully used	No	No
On-call allowance for doctors in relation to ordinary hours of work	Yes	Yes
Retention allowance	Yes	Yes
Unconditional extra payments	Yes	Yes
Payment of expenses		
General reimbursement	No	No
Petty cash	No	No
Travel costs	No	No
Unfair dismissal payments	No	No
Workers' compensation – not working	No	No
Workers' compensation – returned to work	Yes	Yes
Leave payments		
Ancillary leave (jury duty, defence forces reserves leave)	No*	No
Annual leave, sick leave or long service leave	Yes	Yes
Parental leave (maternity, paternity, adoption)	No*	No
Termination payments		
In lieu of notice	Yes	Yes
Unused annual leave	Yes	No
Unused long service leave	Yes	No
Unused sick leave	Yes	No
Bonuses		
Bonus relating to overtime only	Yes	No
Christmas	Yes	Yes
Ex-gratia but relating to ordinary hours of work	Yes	Yes
Performance	Yes	Yes

*While not part of salary or wages for SG calculations, these may be salary or wages for income tax purposes.

Source: ato.gov.au

However, unless they are required under an award or agreement, the extra contributions are not compulsory.

Example

For the 2016/17 financial year, the maximum contribution base is $206,480 a year (or $51,620 a quarter). So, for an employee whose ordinary time earnings are $210,000 a year, an employer can choose to pay SG contributions of either $19,950 or $19,616 as calculated below:

1. Using 9.50% of ordinary time earnings:
   9.50% × $210,000 = **$19,950**
2. Using the maximum contribution base:
   9.50% × $206,480 = **$19,616**

When do you need to pay?

When you become a participating employer with AustralianSuper, you can choose to pay SG contributions monthly or quarterly.

But how often you make payments may depend on whether any of your employees are covered by an award or employment agreement that requires a certain payment frequency. Fair Work Australia may be able to help you check this.

ATO deadlines for tax deductibility

Payments made by the ATO SG contributions' deadline below can be claimed as a tax deduction.

Payment period	SG contributions deadline	SG statement and SG charge due
1 Jul to 30 Sep	28 Oct	28 Nov
1 Oct to 31 Dec	28 Jan	28 Feb
1 Jan to 31 Mar	28 Apr	28 May
1 Apr to 30 Jun	28 Jul	28 Aug

If you don't meet the SG contributions' deadline, you'll have to lodge an SG statement the following month by the due date. You'll also have to pay the ATO's SG charge, which is made up of:

- the SG contributions not paid (payments made after the contributions' deadline may reduce the SG charge you need to pay)
- interest on the outstanding amount, and
- an administration fee.

Unlike SG contributions made on time, you're not able to claim a tax deduction for the SG charge.

The SG charge must be paid to the ATO, not to AustralianSuper through the usual channels. You can download the SG charge statement and work out how much you need to pay for each employee using the SG charge statement and calculator tool from the ATO's website at ato.gov.au/super

Further penalties will also apply if you don't lodge the SG statement and pay the SG charge by the due date.

For after-tax contributions

The timeframe to make after-tax payments is different from when you need to pay SG contributions.

You need to pay an employee's after-tax contributions within 28 days of the end of the month in which the amount was deducted from the employee's pay. For example, if an after-tax contribution was deducted in March, you'd need to make the payment by 28 April.

Reporting super contributions

To help improve the fairness of an employee's eligibility for various Government initiatives – such as family tax benefits, child support payments and Government co-contributions – you need to report on certain super payments you make on behalf of employees.

Generally speaking, you need to list certain super contributions on an employee's PAYG Payment Summary if they have 'capacity to influence' the amount.

For example:

- Salary sacrifice contributions your employee has asked you to make from their before-tax pay.
- Additional employer contributions that your employee has specifically negotiated with you.

For example, if an employee negotiates 14% super, then the 9.5% SG contribution isn't reportable but the remaining 4.5% is. However, if additional SG contributions are as a result of a collective agreement or award and not specifically negotiated by an individual employee for themselves, then the extra is not reportable.

Once the contributions are reported, the ATO will add these amounts to other income to calculate various Government benefits and liabilities, as summarised above.

Providing Tax File Numbers (TFNs)

When an employee starts work with your company, they usually complete an ATO form that contains the employee's TFN. Once they have given you this form, you must pass on their TFN to us:

- within 14 days of the employee giving you the form,
- or when you make the first SG contribution on their behalf. The ATO may fine you $1,800 if you're late providing an employee's TFN.

Privacy laws do not allow you to give us a copy of the ATO's TFN form but specifically allow you to pass details of the TFN itself onto your employee's super fund.

For more information

For further information, contact the ATO on 13 10 20 between 8am and 6pm AEST/AEDT weekdays or visit ato.gov.au/super

An Industry SuperFund

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