

# Business Information Sheet

## Superannuation Guarantee

### Superannuation Employer Obligations

- Offer your employees a **'choice of fund'**
  - Identify new employee is eligible
  - Provide a standard choice form
  - Nominate a default fund (must be a MySuper product)
  - Act on employee's choice of fund
- Pay superannuation guarantee before due date
- As of 1 July 2014, the superannuation guarantee rate is 9.5%
- You must keep the following Superannuation records for five years
  - How you calculate any reportable employer super contributions
  - How you calculate each of your employee's salary or wages and OTE
  - Copies of relevant salary sacrifice agreements you entered into with your employees
  - Copies of relevant industrial agreements with your employees
  - Evidence that you offered your eligible employees a choice of Super Fund

### Employees Who are not Eligible for SGC

- Employees paid less than \$450 in a month (less than \$350 for some hospitality awards)
- Employees under 18 years working 30 hours or less per week
- Non-resident employees for work done outside of Australia
- Foreign executives who hold certain visas or entry permits
- Employees paid for domestic or private work 30 hours or less per week
- Employees who receive payments under Remote Jobs and Communities Program RJCP (Formerly CDEP), [link](#).
- Members of the Army, Navy or Airforce reserves
- Employees temporarily working in Australia, covered by bilateral super agreement.

### Thresholds

If an employee earns more than a certain limit, the employer is not obliged to pay SGC 9.5% on earnings above the threshold.

- Maximum contribution base 2015 year \$49,430 (approx. \$192,160 pa)
- Maximum contribution base 2016 year \$50,810 (approx. \$203,240 pa)

### Concessional Contribution Caps

The concessional contributions cap refers to the amount of contributions that can be made to an employee's super fund before they pay extra tax. This is the employee's responsibility to keep track of, however, employers often get asked about these caps.

- Under 49 contributions limit \$30,000
- Over 49 contributions limit \$35,000

## Employee Obligations

- Provide superannuation fund details or choose the default fund (a MySuper Product)
- Provide employer with electronic service address, ABN and bank details if nominated fund is a Self-managed super fund (SMSF).

## Superannuation for Contractors

The ATO states “if a contractor (sole trader) is hired principally for labour being more than half of the contract then SGC should be considered”. The SGC ruling looks at key factors of CONTROL, ACHIEVING A RESULT and USE of TOOLS and EQUIPMENT.

A person’s labour whether physical, mental or artistic effort may be considered for SGC if the person:

- Is paid solely on their personal labour and skills
- Performs the work themselves and does not delegate
- Is paid by the hours worked, rather than to achieve a result

The words ‘achieve a result’ is the distinction to pay SGC or not. A contractor must outline in a quote or timesheet/invoice that their work will achieve a result and not simply being paid for hours worked.

For example, a contractor (sole trader) who works for a builder for a 3-6 month project and works every day for the builder, supplies his own tools but no materials would be subject to SGC.

Alternatively, a contractor (sole trader) who quotes the job, installs using his own materials and tools to complete the job (achieve a result) is working independently and not subject to SGC.

## Superannuation Payment Due Dates

Quarter	Period of Payment	Due Date	SGC Statement Due Date
1	1 July - 30 September	28 October	28 November
2	1 October - 31 December	28 January	28 February
3	1 January - 31 March	28 April	28 May
4	1 April - 30 June	28 July	28 August

## Failure to Pay Superannuation on Time

An employer is required to lodge a SGC Charge Statement if superannuation payment is not paid by due date, even if payment was made late.

### SGC Charge Statement includes:

- SGC shortfall (Includes ALL Wages)
- Interest 10% per day till paid
- Administrator Fee \$20 per employee per quarter
- Late Payment Offset (if applicable)

A director of a company who fails to meet a SGC liability by the due date automatically becomes personally liable for a penalty equal to the unpaid amount.

## SuperStream Information for Employers

SuperStream is a compulsory system of submitting Superannuation Payment information (standardised data) electronically. The information links the payment made by the employer to the employees account in the relevant superfund/s.

- SuperStream is **mandatory** for all employers who make superannuation guarantee payments or any other superannuation contributions for employees.
- Employers must provide the minimum data to the super fund or clearing house **electronically**.
- Ensure payments and data are linked by a unique payment reference number.
- Ensure data and payments are sent on the **same day**.
- Super funds are required to process contributions into the members account within 3 days.
- Superannuation funds are obliged to contact employers within 5 days if data is missing or invalid.
- Employers must respond to any requests from a super fund for missing information or queries relating to employee payments within 10 days.
- Funds will have to refund contributions within 20 working days if they cannot be allocated to an employee.
- It remains your responsibility as the employer to confirm that super contributions have been received, even if you use a clearing house or other service.
- The *Superannuation Guarantee (Administration) Act 1992* requires you to provide a Standard Choice Form to your employees. This form will allow you to collect the required SuperStream related information from employees.

## References

- ATO - Super Guarantee Eligibility Tool
- ATO - Super for Contractors
- ATO - SGC Directors Liability

## Other Business Information Sheets Available

- Rights and Obligations
- SuperStream
- Employer Obligations
- Payroll and FairWork
- Annual Shutdowns
- Taxable Payments Annual Report
- Credit Card Security
- Company Director Responsibilities
- Record Keeping
- Contractor vs Employee
- Civil Claims
- Business Compliance Basics
- And many more