

Paying super

Your handy reference



Our commitment to you

We are committed to providing you with guidance you can rely on, so we make every effort to ensure that our publications are correct.

If you follow our guidance in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it but we will not charge you a penalty. Also, if you acted reasonably and in good faith we will not charge you interest.

If you make an honest mistake in trying to follow our guidance in this publication and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money, and we may also charge you interest.

If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

If you feel that this publication does not fully cover your circumstances, or you are unsure how it applies to you, you can seek further assistance from us.

We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for a more recent version on our website at **www.ato.gov.au** or contact us.

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If you're an employer, you need to understand your superannuation guarantee obligations and how to meet them.

- Use our tools and resources to help you work out and pay super for your employees - including contractors if appropriate (see page 10). Your tax or financial adviser can also help you meet your obligations.

Working out if you're an employer for super purposes

You're an employer for super purposes if you employ workers under a verbal or written employment contract on a:

- full-time
- part-time, or
- casual basis.

You may also be an employer for super purposes if you make payments to a worker under a contract for labour.

Employee eligibility

Generally, you have to pay super for any employee who:

- is between 18 and 69 years of age inclusive
- you pay \$450 (before tax) or more in a calendar month, and
- works full-time, part-time or on a casual basis.

Super for the self-employed

If you're self-employed, you don't have to make super contributions to a super fund for yourself. However, you may wish to consider super as a way of saving for your retirement.

You may be able to claim a tax deduction for contributions you make to your super until age 75.

You may also be eligible for a super co-contribution payment if you make personal super contributions.

Paying super for contractors

If you pay a contractor under a contract that is wholly or principally for labour, you have to make super contributions for them, even if they quote an Australian business number (ABN).

How much super to pay

You must pay a minimum of 9% of each employee's earnings base. For most employees, their earnings base is their ordinary time earnings. This usually means the amount they earn for their ordinary hours of work. For example:

Earnings base for the quarter	x	Super guarantee	=	Minimum super contribution for the quarter
\$8,000	x	9%	=	\$720

When to pay super contributions

You must pay super for all eligible employees at least once every financial quarter, by the cut-off date in the table below.

Quarter	Period	Payment cut-off date
1	1 July – 30 September	28 October
2	1 October – 31 December	28 January
3	1 January – 31 March	28 April
4	1 April – 30 June	28 July

When a cut-off date for payment falls on a Saturday, Sunday or public holiday, you can make your payment on the next working day.

Your quarterly payment must include the whole amount you owe for that quarter.

You can choose to pay more often if it suits you; for example, on a monthly basis.

Claiming a tax deduction for super contributions

Generally, super contributions made for eligible employees by the cut-off dates are tax deductible in the financial year you pay them.

Where to pay super contributions

You must pay contributions into a complying super fund. The term 'super fund' also refers to retirement savings accounts.

Your employees may be able to choose the super fund you pay their super contributions into.

- Find out more about complying super funds and choosing a super fund by visiting our website at **www.ato.gov.au**

Offering your employees a choice of super fund

In most instances your employees can choose the fund they want you to pay their super contributions into.

You must provide a *Standard choice form* (NAT 13080) to new employees, who are eligible to choose a super fund, within 28 days of the day they start working for you.

Once an employee chooses a super fund, you have two months to arrange to pay contributions into that fund.

Failing to meet your super obligations

If you don't meet your obligations, you will incur a charge called the super guarantee charge. You must lodge a super guarantee charge statement and pay this charge to us if you don't pay super contributions:

- of at least 9% for your eligible employees
- by the cut-off date for payment, or
- into your employees' chosen super funds.

You **cannot** claim a tax deduction for the super guarantee charge.



- For more information about the super guarantee charge, refer to:
- *Super, what employers need to know* (NAT 71038), and
 - *Superannuation guarantee – how to meet your super obligations* (NAT 1987).

To obtain a copy visit our website at **www.ato.gov.au**

Tax file numbers

When your employee completes a *Tax file number declaration* (NAT 3092) you must pass their tax file number (TFN) onto their super fund. If you don't pass on your employee's TFN:

- you will be guilty of an offence and liable to pay a penalty
- the super fund may have to pay extra tax on the contributions, and
- your employee may miss out on super co-contribution payments.

Record keeping

You must keep records that show:

- the amount of super you paid for each employee
- how you calculated the level of super you paid, and
- you have offered your eligible employees a choice of super fund.

Tools and resources you can use

There are five online tools and calculators available on our website at www.ato.gov.au that can help you work out and meet your super obligations:

- **Employee/contractor decision tool**
Helps you work out if your new or existing workers are contractors or employees for tax and super purposes.
- **Superannuation guarantee eligibility decision tool**
Helps you work out if you need to make super contributions for your workers.
- **Superannuation guarantee contributions calculator**
Calculates how much super you must contribute for your eligible workers.
- **Super guarantee charge statement and calculator tool**
Helps you work out your super guarantee charge liability, and helps you prepare your *Superannuation guarantee charge statement – quarterly* (NAT 9599) that you then send to us.
- **Employment termination payment calculator**
Helps you work out the tax-free and taxable components of an employment termination payment you make on or after 1 July 2007.

Where to get help

Remember, we're happy to provide you with information and advice to help you meet your super obligations, so if you need help:

- visit our website at www.ato.gov.au/employersuper
- subscribe to 'What's New' at www.ato.gov.au to receive regular updates, or
- phone us on **13 10 20** between 8.00am and 6.00pm, Monday to Friday, to speak to a tax officer.

Publications

- *Super, what employers need to know* (NAT 71038)
- *Superannuation guarantee – how to meet your super obligations* (NAT 1987)
- *Employers and tax file numbers* (NAT 70999)
- *Completing the superannuation guarantee charge statement – quarterly* (NAT 9600)
- *Superannuation guarantee charge statement – quarterly* (NAT 9599)
- *Standard choice form* (NAT 13080)

To order one or more of our super publications or forms:

- visit our website at **www.ato.gov.au** and selecting ‘Booklets & publications’ – ‘Online ordering’, or
- phone us on **1300 720 092**.

