

Superannuation Guarantee

A Guide for Employers

It is a legal obligation for all employers to abide by the superannuation guarantee legislation and must pay super contributions into a complying superannuation fund for their workers. Superannuation guarantee is a monetary benefit for your workers to access once they have entered into retirement. The minimum superannuation guarantee is 9% of each eligible worker's earnings base for their ordinary hours of work.

Which workers need to have super paid for them?

1. Employees

Generally, you have to pay super for your employees who are hired under a verbal or written employment contract and the employees:

- Are between 18 and 69 years of age;
- Are paid \$450 (before tax) or more in a calendar month; and
- Work full-time, part-time or on a casual basis working 30 hours or more a week.

2. Contractors

An employer also has to pay super for contractors if the contract is wholly or principally for their labour including physical, mental or artistic effort even if the contractor quotes their Australian Business Number (ABN).

3. Self-employed

If you are self employed as a sole trader or in a partnership then you are not an employee of the business and therefore the super guarantee does not apply to you however you can make and then claim a tax deduction for your personal superannuation contributions up to the aged based limit up to the age of 75. If your business is a company or trust then you are likely to be an employee or director where the minimum super guarantee rules apply.

How to calculate the super guarantee?

The superannuation guarantee is a minimum of 9% of an employee's earnings which for most employees is their ordinary time earnings which is discussed below. Earnings bases other than ordinary time earnings may include:

- Industrial awards;
- Existing employment agreements;
- A fund's trust deed; or
- A law of the Commonwealth, states or territories.

This system helps set the standard so all employees are treated similarly for super.

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Ordinary time earnings

Ordinary time earnings are the amount you pay your employees for their ordinary hours of work and include:

- Agreed salary or wage;
- Over-award payments;
- Commissions;
- Allowances; and
- Paid leave.

Below is a table of payments which illustrates which payments made by employers to their workers is classified as ordinary times earnings and which payments are excluded and their not included in calculating the 9% super guarantee.

Ordinary times earnings	Not ordinary times earnings
Payments made to contractors who are deemed workers according to the superannuation guarantee legislations	Reimbursement of expenses or expense allowances paid with the expectation that it will be fully expended by the employee in producing income (e.g. Car allowance).
Allowances other than reimbursements	Payments for entering into a restraint of trade agreement
Pay for annual holiday, long service and sick leave taken	Leave loading
Government subsidies	Fringe benefits subject to FBT
	Maternity or Paternity leave
Director's fees	Workers compensation payments
Casual loading	Overtime
Shift loading	Termination payments (redundancy, accrued annual, sick and long service leave)
Over- award payments	Payments for domestic or private work of less than 30 hours per week
Bonuses relating to specific performance	Bonuses not relating to specific performance
Commission	Partnership and trust distributions
	Dividends

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Quarter Period Payment cut-off date

This is a list of dates that superannuation guarantee payments are due by:

- 1) For the period between 1 July and 30 September the payment date is 28 October
- 2) For the period between 1 October and 31 December the payment date is 28 January
- 3) For the period between 1 January and 31 March the payment date is 28 April
- 4) For the period between 1 April and 30 June the payment date is 28 July

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

Super tax deductions

Superannuation guarantee payments are generally tax deductible in the year with which they are paid. If a payment is not received by the cut off day then you may receive a super guarantee charge. As the super guarantee charge is a penalty for not meeting your super payment deadline the charge cannot be claimed as a tax deduction.

Employee Super choice

Under the super guarantee many employees have the option to choose the superfund that you pay their super into. When a new employee starts you must check if they are allowed to choose a super fund and this can depend on the type of award or industrial agreement with which you employ them. If your employee is eligible to choose a superfund then you must provide them with a standard choice form (NAT 13080) this form must be offered to them within 28 days of them starting work for you, unless they already give you details of their chosen superfund.

Super Records

It is also very important to keep proper records. Records must be kept for five years and records need to be kept of the amount of super you paid for each employee and any documentation on how your payable super was calculated.

If you have any questions or require any further information please feel free to contact your Client Manager and they will be happy to assist you.

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