



Fact Sheet

Understanding Your Super Obligations



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mtaasuper.com.au
1300 362 415

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The information provided is of a general nature and does not take into account your specific needs or personal situation. You should assess your financial position and personal objectives before making any decision based on this information. We also recommend that you seek advice from a licensed financial adviser. The MTAA Super *Product Disclosure Statement* (PDS), an important document containing all the information you need to make a decision about MTAA Super, can be obtained by calling MTAA Super on 1300 362 415. You should consider the PDS in making a decision.

Knowing your responsibilities

Superannuation plays a big role in your employees' future and as an employer you have a legal obligation to pay their super. From knowing how much this is, to nominating MTAA Super as your default fund, this fact sheet will give you the information you need to fulfil your obligations.

Who do I need to pay?

Under the Superannuation Guarantee (SG) legislation, you're responsible for making super contributions for your employees. Let's take a closer look at who you must make SG payments for:

Employees over 18 years of age who:

- work full-time, part-time or on a casual basis, and
- earn \$450 or more (before tax) in a calendar month.

Employees under 18 years of age who:

- earn \$450 or more (before tax) in a calendar month, and
- work 30 hours or more in a week.

Employees over 70 years of age

From 1 July 2013, the upper age limit for paying mandated SG contributions for an employee was removed – so you may still need to pay super for employees 70 years and older.

Are contractors employees?

The same rules apply to contractors who are paid wholly or mainly for their labour – as they're considered employees for superannuation purposes you are required to make SG contributions for them.

How much do I need to pay?

The amount you contribute is a percentage of what's called your employee's 'ordinary time earnings'. The SG rate is currently 9.5%, and it will start increasing by 0.5% each year from 2021/22 (see table below) up to a maximum of 12% in 2025/26.

Year	%Rate
2020/21	9.5
2021/22	10.0
2022/23	10.5
2023/24	11.0
2024/25	11.5
2025/26	12.0

What are ordinary-time earnings?

This refers to earnings paid to employees for their ordinary hours of work. It can include over-award payments, bonuses, shift allowances, commissions and paid leave.

What's the maximum contributions base?

For any given quarter, there is a maximum limit on the SG contributions you're required to make for an employee. For the 2020/21 financial year the maximum contribution in any quarter is \$5,423.55 – which is 9.5% of the quarterly maximum contribution base of \$57,090.

For more information on how much you need to pay, it's best to get in touch with the Australian Taxation Office (ATO).

When are SG payments due?

We encourage employers to pay their contributions monthly. Payments for each month are due by the 14th of the following month. By law, you need to make SG payments at least quarterly, and they must be received within 28 days of the end of the quarter – that is, by 28 January, 28 April, 28 July and 28 October.

What's SuperStream?

SuperStream is a Government initiative for processing superannuation data and payments electronically. All employers are required to send super payments and employee information electronically in a standard SuperStream-compliant format.

The MTAA Super Clearing House (QuickSuper)

The clearing house offered by MTAA Super allows you to submit your employee contributions in a way that's in line with SuperStream. Instead of dealing with multiple funds and multiple payments, this means one file, and one transaction

for all your payments. All you need to do is upload your data file, put your payment into QuickSuper, and the system will distribute all contribution details and payments to all the super funds (both default contributions and choice contributions).

For more details, visit our website at mtaasuper.com.au/clearing-house.

The Small Business Superannuation Clearing House

This is a free service offered by the ATO which helps small businesses that have 19 or fewer employees or an annual aggregated turnover of \$10 million or less, make their superannuation contributions in a manner that is Superstream compliant. For more information, call the ATO on **1300 660 048** or visit the website at ato.gov.au.

Are there penalties for not making payments?

If you don't make your SG payments – at least quarterly – you are liable to pay the SG charge. The SG charge is paid to the ATO and generally includes the amount of unpaid contributions, an administration fee, penalties and interest. As these amounts are paid to the ATO, they aren't tax deductible.

Even though we may accept late contributions, it doesn't mean you'll have met your SG obligations. However, you might be able to use those contributions to offset the amount of SG charge which you are required to pay the ATO. There are a number of conditions that must be met. For more details about offsetting late contributions against the SG charge, visit the ATO website at ato.gov.au, or call the ATO Superannuation Infoline on **13 10 20**.

Choice of Fund

By law, most businesses can only make contributions to a default fund which has received MySuper authorisation from the Australian Prudential Regulation Authority (APRA). The good news is that MTAA Super is authorised, and My AutoSuper (Balanced) option is our authorised product.

In some cases, your employees may be employed under a certain industrial award or agreement, and are unable to choose a super fund. If so, it's best to look into the relevant industrial award or agreement for details.

All new members of MTAA Super automatically receive the default level of Death and Total & Permanent Disability (TPD) insurance cover – once the first on-time contribution has been made. This cover more than meets the minimum requirements of the Choice of Fund legislation.

For more details, see our MTAA Super *Member PDS* or the *Insurance Guide* available at mtaasuper.com.au/member-handbooks.

Want to nominate MTAA Super as your default fund?

All you need to do is provide the prepopulated *Standard Choice Form* (available at mtaasuper.com.au/employer-forms) to your employees. If they're eligible, they can choose their own fund. However, if they don't make a choice, you can pay their SG contributions to MTAA Super, as your default fund, to satisfy your SG obligations to them.

Your obligations under Choice of Fund

If your employees are eligible to choose their fund, you're obliged to do the following:

- provide them with a *Standard Choice Form* within 28 days of them starting employment with you
- pay SG contributions by the cut off date. If your employees haven't completed the *Standard Choice Form*, their contributions must be paid into your default fund

- if an employee has provided you with written notification of their chosen fund, you must action their request within 2 months
- accept one change of fund per employee every 12 months (if they request it).

Don't forget, if you don't offer choice to your employees, you might be penalised.

There are situations in which you can reject your employee's choice, including the following:

- the fund chosen isn't an 'eligible choice fund'
- they haven't provided you with the required details about the chosen fund and how you can pay SG contributions to it
- they haven't provided you with a written trustee statement that the fund is a resident regulated super fund and accepts SG contributions
- they haven't provided ATO evidence that their self-managed super fund is regulated
- they have chosen another fund during the preceding 12 months.

For more details, visit the ATO website at ato.gov.au.

Some common FAQs about tax

When it comes to superannuation, tax can be hard to understand. To make things easier, here are a couple of our frequently asked questions and answers.

Are there tax deductions for employer contributions?

Yes. You're able to claim all employer (concessional) contributions made on behalf of employees as a tax deduction – including salary sacrifice contributions.

What's salary sacrificing?

It's a before-tax arrangement between you and an employee to pay more than the SG amount into the employee's super. Salary sacrifice contributions are tax deductible for you.

Please note that you'll need to include additional super contributions, such as salary sacrifice, as reportable employer superannuation contributions on employees' payment summaries. SG contributions are not reportable and should not be included in employees' payment summaries.

Do I need to provide MTAA Super with my employee's Tax File Number (TFN)?

Yes – if your employee has given it to you and you haven't passed it on to us within 14 days:

- you may face penalties by the ATO
- your employee may be liable to pay additional tax
- we may not be able to accept after-tax contributions (including member contributions paid to the Fund by an employer from the employee's salary)
- it might be difficult to locate or amalgamate the super benefits of employees in the future, or to pay any benefits they're entitled to.

We'll only use TFNs provided to us for legal purposes, including managing the administration and taxation arrangements of the Fund as permitted by law. These legal purposes (and the consequences of MTAA Super not holding a TFN for an employee) could change in the future. Otherwise, we treat TFNs as confidential.

For more information, please visit our website at mtaasuper.com.au
You can also call us on **1300 362 415**. We're here to help.

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