

Understanding your super obligations

1 July 2023



Knowing your responsibilities

Super 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 Spirit Super as your default fund, we give you the information you need to fulfil your obligations.

Who do I need to pay?

Under super 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 18 and over who:

- work full-time, part-time or on a casual basis.

Employees under 18 who:

- work 30 hours or more in a week.

Are contractors employees?

The same rules apply to contractors who are paid wholly or mainly for their labour – as they're considered employees for super purposes you're 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 increased from 10.5% to 11% on 1 July 2023, and it will continue to increase by 0.5% each year up to a maximum of 12% in 2025–26.

Year	% rate
2022–23	10.5
2023–24	11
2024–25	11.5
2025–26	12

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's a maximum limit on the SG contributions you're required to make for an employee. For the 2023–24 financial year the maximum contribution in any quarter is \$6,849.70 – which is 11% of the quarterly maximum contribution base of \$62,270.

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?

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 super data and payments electronically. All employers are required to send super payments and employee information electronically in a standard SuperStream-compliant format.

This fact sheet contains general information only and doesn't take into account your objectives, financial situation or needs. Before making a decision about Spirit Super, you should consider if this information is right for you and read the *Product disclosure statements*, *Target market determinations* and *Financial services guide*. These are available at spiritsuper.com.au/pds or by calling 1800 005 166. | Issuer is Motor Trades Association of Australia Superannuation Fund Pty Ltd (ABN 14 008 650 628, AFSL 238718), the trustee of Spirit Super (ABN 74 559 365 913). Any advice is provided by Quadrant First Pty Ltd (ABN 78 102 167 877, AFSL 284443) (Spirit Super Advice), which is wholly owned by the trustee. A copy of the *Financial services guide* for Spirit Super Advice is available at spiritsuper.com.au/financial-services-guide or by calling us on 1800 005 166.

Our clearing house (QuickSuper)

Our clearing house allows you to submit your employee contributions in line with SuperStream requirements. 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, make an EFT to the account advised, 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 spiritsuper.com.au/employers/make-super-payments.

The Small Business Superannuation Clearing House

This is a free service offered by the ATO which helps small businesses with 19 or fewer employees or an annual aggregated turnover of \$10 million or less, make their super 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're 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.

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However, you might be able to use those contributions to offset the amount of SG charge which you're 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 ato.gov.au, or call **13 10 20**.

Choice of fund

If your employee chooses an eligible super fund, you generally must pay their super contributions into that fund.

In some cases, your employees may be employed under a certain industrial award or agreement, and can't choose their super fund. If so, it's best to look into the relevant industrial award or agreement for details.

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 an employee has provided you with written notification of their chosen fund, you must action their request within two 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 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've chosen another fund during the preceding 12 months.

For more details, visit ato.gov.au.

Stapling and default funds

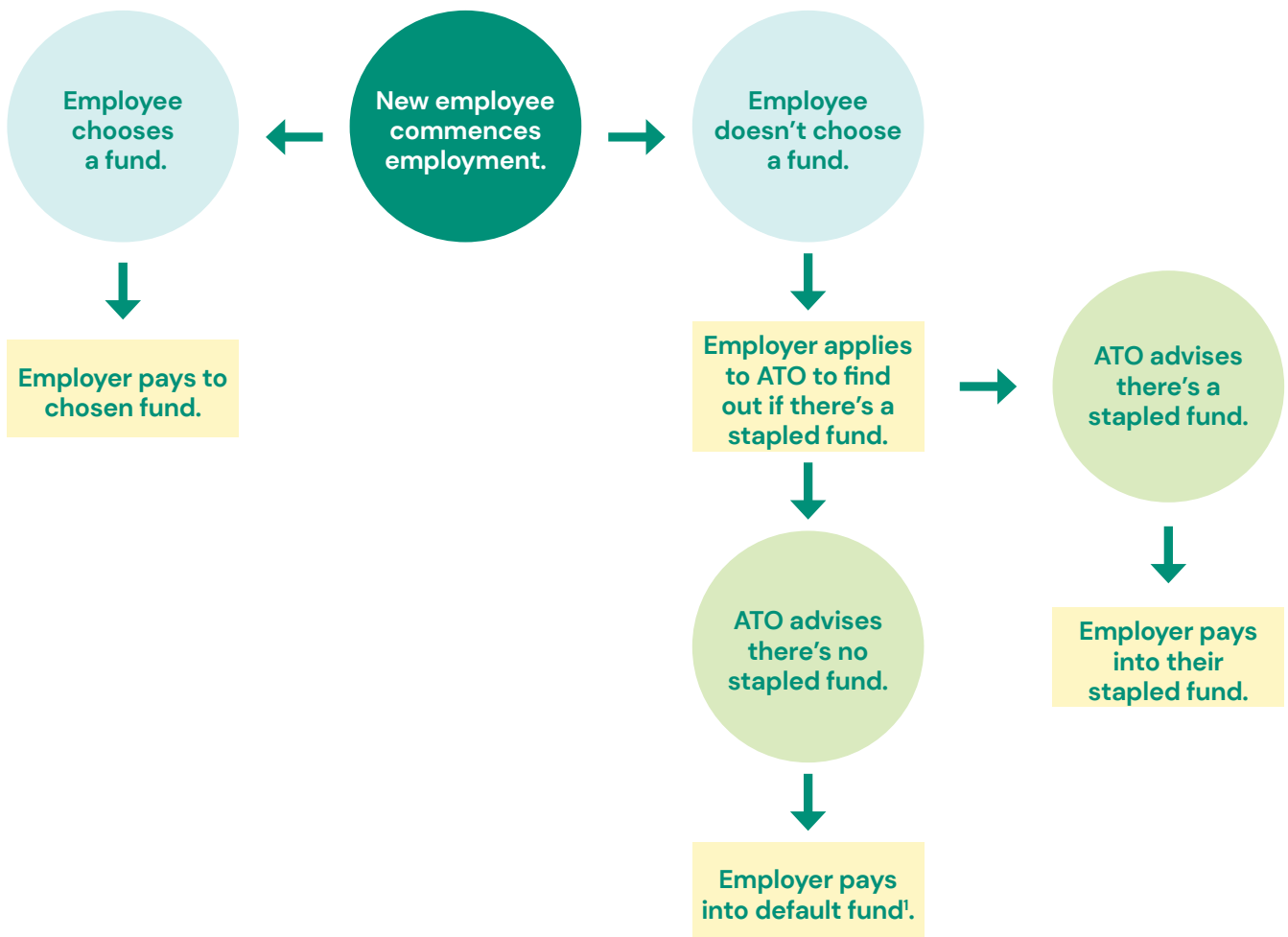
If your new employee doesn't choose an eligible fund, you must search ATO online services to see if they have an existing super fund. If they do, you must pay SG contributions into that fund.

This can only occur after your employee has commenced working for you and you've submitted a *Tax file number declaration* form or Single Touch Payroll pay event linking them to you.

If your employee doesn't choose a fund and your search of ATO online services shows they don't have an existing super fund, you can pay SG contributions into your default MySuper 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 Spirit Super is authorised, and our Balanced (MySuper) option is our authorised product.

For more details, see our *Member guide* available at spiritsuper.com.au/pds.



¹Employers can pay into a fund other than default if it satisfies the choice of fund requirements.

Want to nominate Spirit Super as your default fund?

All you need to do is provide the prepopulated *Standard Choice* form to your employees.

If your new employee chooses a super account they already have, or chooses your default fund, you don't need to request stapled super fund details for them.

Cooling-off period for new employers

New employers who open an account in Spirit Super for an employee for the first time have a 14-day cooling-off period to decide if Spirit Super is suitable for them and their employees. The 14-day period starts on the date you receive confirmation of your first contribution paid to us.

There's no charge for you to cancel your registration as an employer during the cooling-off period. If you do, we'll roll over any contributions you've made to another fund you nominate (providing your employee/s haven't chosen to have their contributions paid to Spirit Super). The contributions will be adjusted for any tax we've paid on behalf of your employees, as well as any increase or decrease in the value of their investments. We'll refund any administration fees and costs that were directly charged to your employee's accounts. However, the investment fees and costs and transaction costs included in the unit price for determining the value of investments will apply.

Cancelling your employee's membership will also cancel any insurance cover they may have.

Any tax already paid by the trustee for these contributions may need to be claimed back from the ATO.

You can request to cancel your registration by writing to:

Address Spirit Super
GPO Box 1547
Hobart TAS 7001

Email info@spiritsuper.com.au

New employees who are joined up to Spirit Super by their employer don't receive a cooling-off period.

Some FAQs about tax

When it comes to super, 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. To qualify for a tax deduction, your SG contributions must be paid to your employee's super fund by the quarterly due date for SG 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 aren't reportable and shouldn't be included in employees' payment summaries.

Do I need to provide 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 us by an employer from their 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 as permitted by law. This could change in the future. Otherwise, we treat TFNs as confidential.

More information

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