

Fact sheet



# Understanding your super obligations



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## 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.

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1800 005 166

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This fact sheet is for general information only and doesn't take into account your objectives, financial situation or needs. You should assess your financial position, personal objectives and needs before making a decision based on this information.

If you're considering acquiring or continuing to hold a particular financial product, you should obtain the *Product disclosure statement* relating to the product and consider it before making any decision. Spirit Super's *product disclosure statements* are available at [spiritsuper.com.au/pds](https://spiritsuper.com.au/pds) or by contacting us on 1800 005 166.

## 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 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 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 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 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
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 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?

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.

## 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, 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 [spiritsuper.com.au/make-super-payments](https://spiritsuper.com.au/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](http://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.

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](http://ato.gov.au), or call **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 Spirit Super is authorised, and our Balanced (MySuper) 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.

We provide competitive insurance to protect your employees. Eligible members will automatically receive default cover. This cover more than meets the minimum requirements of the *Choice of fund* legislation.

For more details, see our *Member guide* or *Insurance guide* available at [spiritsuper.com.au/pds](http://spiritsuper.com.au/pds).

## 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 they're eligible, they can choose their own fund. However, if they don't make a choice, you can pay their SG contributions to Spirit 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 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 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 [ato.gov.au](http://ato.gov.au).

## 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.

### 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.

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