

## BUSINESS & COMMERCIAL NEWS – Superannuation Obligations



### High risk industries targeted for superannuation obligations

Despite the importance of super, some employers do not always get super obligations for their employee's right. Employers in the hairdressing and beauty, hospitality, clothing retailing and management advice and consulting industries have been identified as having a higher risk of not meeting their super obligations.

The ATO are currently running an education campaign for business owners in these industries to help them better understand their super obligations.

Further, from July 2014 the ATO will be undertaking audits of employers who continue to not meet super obligations for their employees.

## How much to pay and who to pay it to

Generally, your employees are eligible for super if all of the following apply:

- they are 18 years old or over (those under 18 must work more than 30 hours per week before becoming eligible)
- they are paid \$450 (before tax) or more in a calendar month
- they work on a full-time, part-time or casual basis.

The minimum super you must pay is 9.25% of each eligible employee's 'ordinary time earnings' - basically, 9.25% of the amount they earn for their ordinary hours of work. You can generally claim a tax deduction for super contributions if you pay the correct amount on time.

You must make payments at least four times a year by the quarterly due dates:

- 28 October
- 28 January
- 28 April
- 28 July.

## What to do if you miss a quarterly deadline

If you're late paying your employee's super, or don't pay enough, you must lodge a Superannuation guarantee charge statement with the ATO. It is important to note that nominal interest continues to accrue at 10% until the statement is lodged. This is even if you have paid the super in full but paid late. The longer you delay lodging a statement the more interest will be accrued.

## You may have to pay super for contractors

You must pay super contributions for contractors you pay under a contract that is wholly or principally for the labour of that person. This is because they are considered employees for the purpose of super guarantee, even if they have an ABN.

## You need to offer employees a choice of fund

Your employees may be eligible to choose which super fund their super contributions are paid into.

You need to provide your eligible employees with a Standard choice form within 28 days of them starting to work for you.

Employees are not required to complete the form if they don't want to nominate a fund, but you must give them the choice if they are eligible.

## Keep accurate records

You must keep records that show:

- the amount of super you paid for each employee and how it was calculated
- that you have offered your eligible employees a choice of super fund
- how you calculated any reportable employer super contributions.

## Pass on your employee's TFN

You must pass on your employee's tax file number (TFN) to their super fund within 14 days of receiving it, or when you make the first contribution to their super fund, whichever occurs last. If you don't pass on your employee's TFN, you will be liable for a penalty.

We remind you that if you are a salaried director of your own company or trust business, then you are an employee for superannuation guarantee purposes.

If you have any concerns about meeting your employer superannuation obligation then please contact us.

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