

## **BUSINESS & COMMERCIAL NEWS – Super Data and Payment Standard**

There are over 800,000 Australian employers who are required to make superannuation guarantee contributions on behalf of their employees. For many, this can be a complex process with multiple funds to contribute to, each with their own specifications for accepting the data and payments.

From 1 July 2014, medium and large businesses, that is, those with 20 or more employees, will see this simplified when they start making contributions using the new Superannuation Data & Payment Standard. Employers with 19 or fewer employees will start making contributions under the standard from 1 July 2015.

### **What is the Superannuation Data & Payment Standard?**

The standard is part of SuperStream, a package of measures designed to enhance the superannuation system. Put simply, it standardises the process for making contributions. Its main purpose is to ensure employer contributions are paid in a consistent, timely and efficient manner to a member's account.

It will also remove many of the complexities employers currently face with funds having different arrangements for accepting contributions. Under the standard employers will make super contributions on behalf of their employees electronically. This includes submitting a data message containing information relating to the employee's contribution payment electronically to a fund and making payments electronically through the banking system.

The data message and payment are linked by a payment reference number which enables reconciliation by the receiving fund.

### **Main Components of the Standard**

The key components of the standard are a standard format for electronic payments and a standard message format for sending data messages and a standard set of business terms and definitions used to describe each data element in the contribution message, such as the name, date of birth and contribution amount.

Solutions will be provided by payroll providers, clearing houses and other service providers.

### **How will the Standard benefit employers?**

There are a number of benefits for employers. Firstly, the standard streamlines the process for employers when making contributions to all funds. It provides a simpler, consistent method of preparing contributions and in many cases, a single channel for interacting with multiple funds.

Making contributions in the standard will also reduce reverse workflow and exceptions handling, allowing employers more time to focus on their business.

## **Data and payments to be sent electronically**

Employers must send electronic payments and data messages in the approved format. Payments must be linked to data messages via a unique payment reference number that is supplied by the sending employer. If an agent for example, sends the payment on behalf of an employer then they provide that reference number.

This allows the receiving fund to reconcile data and payments for member contributions efficiently and reliably.

## **Information required to make a contribution under the standard**

An employer will need to know:

- The bank account details of the fund, both default and choice – this is where they need to send the payment to;
- An electronic service address – this is where they need to send the contribution data to;
- A unique superannuation identifier described as a USI – this is an identifier for all APRA-regulated super funds that provides a link between the member account and the fund product they belong to.

The ATO is developing a fund validation service that will be available for employers from 1 July 2014 and this will assist them identify the correct information needed to make transactions under the new standard.

## **Employer TICK Service**

The Employer TICK service will allow employers and their service providers to validate an employee's tax file number and member details before a first contribution.

This will be available as a web service from 1 July 2014. It is an optional service for employers but has the benefit of checking an employee's details before the first contribution and therefore reducing the possibility of errors and re-work occurring.

## **What do Employers need to do to prepare for the introduction of the standard?**

Every business is different and there is 'no one size fits all' approach to adopting the standard. Employers have a number of options to meet the standard. These options or 'solutions' fall into two broad categories:

- Using a payroll software that conforms with the standard, or
- Using a service provider who can meet the standard on your behalf.

If the employer already uses payroll software, they should talk to their software provider to find out what services they intend to provide that comply with the standard.

The ATO will soon publish a register of payroll providers who are SuperStream compliant.

Clearing houses are already a common choice for employers who wish to streamline the super contributions process.

**Does the data and payment standard apply to SMSFs?**

Yes. A SMSF must be able to receive contributions under the standard from an employer from 1 July 2014, remembering this applies to large and medium employers only in the first year.

This requirement does not apply though to self-managed super funds receiving personal contributions and those where the employer is a related party of the fund.

An employer must be able to send contributions and data electronically to a self-managed super fund if an employee nominates that fund as their choice fund.

The ATO expects a range of SMSF service providers to offer services to trustees in the coming months .

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