

Employer super guide 2018-19

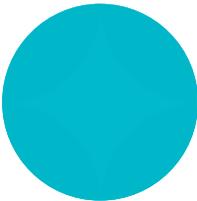




This guide provides general information only on Tasplan Super. It's for our current participating employers and those who are considering becoming a Tasplan Super participating employer. You should also read our *Member guide* available at tasplan.com.au in conjunction with this guide. The information in this guide is correct as at the date of publication and isn't intended to be and shouldn't be construed in any way as investment or financial advice. You should obtain professional advice as you consider appropriate.

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If you're a Tasmanian State Government employer, some of the information in this guide won't apply to you. Contact Tasplan for more information.



Are you an employer?

Under super laws, if you employ someone through a verbal or written contract, whether it be on a full-time, part-time or casual basis, you're an employer and you may have to pay super for your employees.

What are my obligations?

To meet your super guarantee (SG) obligations you need to:

- pay super to all eligible workers
- pay the right amount of super
- pay super on time
- pay super to the right place
- pay super the right way
- pass on your employee's tax file number to their super fund
- keep records.

 **Penalties may apply if you don't meet your obligations.**

Single Touch Payroll

Single Touch Payroll is a government initiative to streamline business reporting obligations.

You'll be able to report salary or wages, PAYG withholding and super information to the Australian Taxation Office (ATO) from your payroll solution at the same time you pay your employees, or their super funds.

There'll also be additional options for completing tax and super forms online, making it even easier to meet your obligations.

If you have 20 or more employees on 1 April each year, you're required to report from the following 1 July.

 **Employers with 20 or more employees needed to start using Single Touch Payroll from 1 July 2018.**

Who do I have to pay super for?

Generally, if you pay an employee \$450 or more before-tax in salary and wages in any calendar month, you must pay super on top of their wages.

You may have to pay super for employees earning less than \$450 each month if their award or industrial agreement says so.

You also have to pay super for employees who are temporary residents of Australia.

You don't have to pay super for:

- employees who are under 18, or who are private or domestic workers (such as a nanny), who work less than 30 hours each week
- non-resident employees who you pay for work they do outside Australia
- some foreign executives who hold certain visas or permits. For more information call the ATO on **13 10 20**
- employees paid under the Community Development Employment Program
- members of the army, naval or air force reserve for work carried out in that role
- employees temporarily working in Australia who are covered by a bilateral super agreement. You must keep a copy of the employee's certificate of coverage to verify their exemption.

Do I have to pay super for contractors?

Yes, you may need to make super payments for contractors who you pay under a contract that is mainly for their labour, even if the worker quotes an Australian Business Number (ABN).

A contract is mainly for labour if more than half the dollar value of the contract is for the person's labour, which may include physical labour, mental effort or artistic effort.

There is an ATO employee/contractor decision tool available at ato.gov.au/calculators-and-tools/employee-or-contractor that may help you figure out if someone is an employee or a contractor.



How much do I have to pay?

The minimum super you must pay is called the super guarantee (SG). Currently, the SG is 9.5% of an eligible employee's ordinary time earnings (OTE) each quarter, up to the maximum contribution base for a quarter (\$54,030 in 2018-19). You may need to pay more than this rate if required by an award or industrial agreement. You can check your award or agreement at fairwork.gov.au.

For example

During the second quarter of the 2018-19 financial year (1 October 2018 to 31 December 2018), Troy's ordinary time earnings were \$8,000. This is how much Troy's employer must pay for the quarter:

**Ordinary time earnings X Super guarantee %
= Minimum super contribution for the quarter**

$$\begin{aligned} & \mathbf{\$8,000 \times 9.5\%} \\ & \mathbf{= \$760} \end{aligned}$$

SG rates

The SG is currently set at 9.5%. This rate will stay in place until 30 June 2021, then will gradually increase until it reaches 12% by 1 July 2025 as shown below.

Financial year	SG rate	Financial year	SG rate
2018-19	9.5%	2022-23	10.5%
2019-20	9.5%	2023-24	11.0%
2020-21	9.5%	2024-25	11.5%
2021-22	10%	2025-26	12.0%

What are the OTE for super purposes?

Payments relating to:	OTE?
Awards and agreements	
Overtime hours where an award states the ordinary hours to work and the employee works extra hours that they're paid overtime rates for.	No
Overtime hours where an agreement prevails over an award.	No
Where an agreement replacing an award doesn't make a distinction between ordinary hours and other hours.	Yes – all hours worked
Wages/salary where there are no ordinary hours of work listed.	Yes – all hours worked
A casual employee:	
• shift loadings	Yes
• overtime payment.	No
A casual employee whose hours are paid at overtime rates due to a 'bandwidth' clause.	No
Piece-rates – where no ordinary hours of work are listed.	Yes
The overtime part of earnings based on the 'hourly driving rate' method, outlined in an award.	No
Allowances	
An allowance via an unconditional extra payment.	Yes
An expense allowance expected to be fully spent.	No
A danger allowance.	Yes
A retention allowance.	Yes
An hourly on-call allowance for doctors' ordinary work hours.	Yes
Expenses	
Reimbursement.	No
Petty cash.	No
Reimbursement of travel costs.	No
Payments for unfair dismissal.	No
Workers' compensation	
Returned to work.	Yes
Not working.	No
Leave payments	
Annual leave/long service leave.	Yes
Personal (sick) leave.	Yes
Parental leave – for example maternity leave, paternity leave, adoption leave.	No
Ancillary leave – for example jury duty, defence reserve service.	No
Annual leave loading - demonstrably referable to a loss of opportunity to work overtime	No
Annual leave loading - all other.	Yes



Payments relating to:	OTE?
Termination payments	
In lieu of notice.	Yes
Unused annual leave/long service leave.	No
Bonuses	
A performance bonus.	Yes
A bonus labelled as ex-gratia but for ordinary work hours.	Yes
A Christmas bonus.	Yes
A bonus for overtime only.	No

When do I have to pay super?

You need to make super contributions for eligible employees at least once every quarter. The quarterly due dates are:

Quarter	Due date for payment
1 July - 30 September	28 October
1 October - 31 December	28 January
1 January - 31 March	28 April
1 April - 30 June	28 July

If you don't make the payments on time, penalties and interest may apply.

For employees who start during the quarter, their earnings are calculated from when they started employment.

! Making more regular payments may make it easier to meet your super obligations and manage your cash flow.

Where should I pay super?

Choice of super fund

Many employees can choose which super fund their contributions are paid to. As their employer, you need to identify these employees and provide them with an *ATO superannuation standard choice* form so they can advise you of their chosen fund. You also need to nominate a default fund that you'll pay their contributions into if they don't choose a fund.

You need to:

- give eligible employees an *ATO superannuation standard choice* form within 28 days of the date they start work with you. This form is at tasplan.com.au/employers/forms-and-documents
- include details of your default employer fund in the *ATO superannuation standard choice* form. This tells your employee where you'll pay their contributions if they don't provide details of a different fund
- pay contributions to the fund they choose within two months, if they return the form with its details and the fund meets all the choice rules.

You may receive an employee's choice as a pre-completed form from their super fund. A form like this will usually say that the super fund meets all choice requirements.

MySuper

If an employee doesn't complete an *ATO superannuation standard choice* form to nominate a super fund, you must make SG contributions to a super fund that offers a MySuper product, such as Tasplan.



Giving your employees information and advice?

You can give your employees factual information about the process of choosing a super fund and your obligations.

Unless you're licensed by the Australian Securities and Investments Commission (ASIC) to provide financial advice, you can't make comments, recommendations or give advice to your employees about which super fund they should choose, how much they should contribute and whether they should combine their super accounts.

If your employee wants advice, you can suggest they visit the ASIC *MoneySmart* website at moneysmart.gov.au or contact ASIC on 1300 300 630.

How should I pay super?

You need to pay and report super electronically in the SuperStream standard.

SuperStream

SuperStream is the way businesses must pay employee super contributions to super funds. With SuperStream, money and data are sent electronically in a standard format.

All employers should have been SuperStream compliant from 28 October 2016.

To find out more about SuperStream:

- visit tasplan.com.au/employers/pay-super
- email us at info@tasplan.com.au
- call us on 1800 005 166.

Clearing house

You can make super payments using our SuperStream compliant clearing house available at clearinghouse.tasplan.com.au.

This is a free, secure and convenient online tool for managing your employees' super, even if they don't belong to Tasplan. Using our clearing house, you can:

- pay into multiple super funds using one data file and one payment
- send your super contributions electronically when it suits you
- add and remove employees
- update your company and employees' details
- keep track of your super payments.

For more, visit tasplan.com.au/employers/pay-super.

What are my tax file number obligations?

If your employee gives you their tax file number (TFN), you must give it to their chosen super fund:

- on the day of the first super contribution for that employee or
- within 14 days of receiving it, if not available at the time of the first contribution.

There are penalties if you don't pass on an employee's TFN to their super fund. It's also your responsibility to ensure that any third parties you use to manage your payroll or distribute super contributions pass TFNs onto super funds too.

! If you don't provide an employee's TFN, they may pay extra tax on their super contributions, they won't be eligible to make personal contributions, and they'll miss out on government super incentives.

What are my record-keeping obligations?

You need to keep records to prove that you satisfied your SG obligations.

In particular, you must keep records that show:

- how much SG you paid for each employee and how it was calculated
- that you've offered each eligible employee a choice of super fund.

You need to keep these records for five years. You're still responsible for keeping adequate records of SG payments even if you use a clearing house.

Reportable super contributions

You need to include reportable super contributions on each employee's annual payment summary.

Reportable super contributions are extra super contributions you've made for an employee where:

- the amount is more than your compulsory SG and award obligations and
- the employee can influence the amount you've contributed.

You report only the extra amount on each employee's payment summary – don't report compulsory super contributions, such as SG payments.

Reportable employer super contributions are included in the income tests for some government benefits and obligations. They aren't included in an employee's assessable income and don't affect the way you calculate super contributions for each employee.

Refer to ato.gov.au for more information.

Other important information

Can I claim a tax deduction for contributions?

You can claim a tax deduction for the super contributions you make for employees, including salary sacrifice, in the financial year you make them.

In order for super contributions to be tax deductible for employees aged 75 and over, the contributions must be paid by the quarterly due date.

Directed termination payments made to a super fund on the instruction of an employee aren't tax deductible as super contributions. Refer to the ATO for more information.

Contributions are considered paid when the fund receives them, not when you send them.

If you miss a payment, you may have to pay the SG charge, which isn't tax deductible.

Salary sacrifice contributions

If you allow your employees to salary sacrifice to super, you can only do so where there is a mutual agreement between you and your employees.

Your employee must agree to forego what they would otherwise receive as salary or wages, and this agreement must be made before the employee has earned the entitlements.

Tax and your employees' super

Your employees' super is subject to contributions caps. Contributions exceeding these caps may result in extra tax. Contributions tax applies to before-tax (concessional) contributions, and tax may also apply to benefits paid.

Why choose Tasplan?

MySuper ready

We offer an authorised MySuper product, so you can be sure you're following the MySuper rules by using Tasplan as your default super fund.

It's free and easy to use

Tasplan's clearing house is easy for employers to use. Our payment system is a free, secure and convenient online tool for managing your employees' super.

You can use our clearing house to pay into multiple super funds using one data file and one payment. And, help is only a phone call away or we can visit you in person. We'll give you all the support and information you need to manage your super obligations quickly and easily.

Help for you and your employees

Our friendly staff are at the ready with simple, practical and valuable tools to help you with your super obligations and to help your staff get their super sorted. We can customise our workplace services program to provide the most benefit to you and your employees.

Regular communication

We communicate with employers regularly to pass on important information about super.

Networking and education

From time-to-time, we offer events for employers to learn more about super and to network. Let us know if there's a topic that interests you.



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