RICHARDS FINANCIAL SERVICES

Superannuation – Guide for Employers

Who pays Superannuation?

All employers must make superannuation contributions for employees.

It is paid at a minimum contribution rate of 9% of the employee's ordinary times earnings.

There is no superannuation guarantee liability for:

- Employee service from age 70
- Employee service where under 30 hours per week earned for those under 18 years old
- Monthly salary or wages are less than $450 for that employee
- For salary greater than $40,170 per quarter ($160,680 p.a.)

NOTE: You may also need to pay super for any employees who are visiting Australia on a temporary resident visa

In addition to employees' salaries and wages, employers are required to pay super contributions on behalf of all their eligible employees. This compulsory contribution is the superannuation guarantee. It requires you to pay super for your eligible employees, contribute to the correct super funds, and pay contributions by the cut-off date each quarter. The minimum super amount you are required to pay is 9% of each eligible employee's ordinary time earnings.

NOTE: From 1 July 2008 onwards you should always use ordinary time earnings to calculate your superannuation guarantee obligations.

When must you pay superannuation?

As an employer, you must pay your superannuation obligations within 28 days of the end of the quarter. These obligations are for all employees, including directors of companies who are drawing a wage.

You may pay your superannuation obligations more frequently than this if you so choose.

Penalties for Non-Compliance

If you do not comply with the regulations you will be subject to the Superannuation Guarantee Charge, and penalties and interest will apply.

Also, the contributions and penalties will **not** be considered to be tax deductible to your business.

Maximum Deductible Contributions as a Self-Employed Person

If you are self-employed, you may still make personal deductions to your own superannuation and claim a tax deduction for them.

However, your "employment income" must be less than 10% of your total income for the year in which the contribution is made.

Reporting Superannuation

From 1 July 2009, any superannuation contributions made for an employee above the 9% set by superannuation guarantee will need to be included on the employee's annual Pay As You Go Payment Summary.

This includes any salary sacrificed superannuation contributions, and any other contributions where the employee may have influenced the amount of superannuation paid.

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