



# RICHARDS FINANCIAL

## SUPERANNUATION CONTRIBUTIONS

### *Late Superannuation Contributions are a Bad Deal for You*

I want to save you the pain and expense of making late superannuation contributions for your employees, or not paying them at all. There have been recent changes to the way the ATO applies penalties when superannuation contributions are paid late, and I want you to be aware of the significant expense that can result.

#### When must superannuation contributions be paid?

Superannuation contributions must be **received by the superannuation fund** within 28 days of the end of a quarter. There is a common misconception that superannuation contributions must be paid by the employer by the 28<sup>th</sup> day after the end of the quarter. This is not correct. It is the date of receipt by the superannuation fund that is important. However, if you are using the ATO Small Business Clearing House and if the contributions are received by that clearing house by the 28<sup>th</sup> day following the end of the quarter, you will be treated as having made the contributions to the superannuation fund on time.

#### Why it is a bad deal to pay late or not at all

The Australian Superannuation Guarantee system is designed to penalise severely employers who pay superannuation contributions late or who don't pay the contributions. This is because the employer must pay, at least, the Superannuation Guarantee Charge ("SGC"). For a quarter this is:

1. The late superannuation contributions; plus
2. Extra contributions due to a higher earnings base being used; plus

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3. 10% interest calculated from the beginning of the quarter to the time of lodgment of the Superannuation Guarantee Statement or assessment;  
plus
4. A \$20 charge per employee.

In addition to the SGC, penalties can be levied if you have not lodged with the ATO a Superannuation Guarantee Statement. These penalties can be up to 200% of the SGC. Both the SGC and the penalties are not tax deductible. It will often be the case that the combined after-tax amount of the SGC and penalties is many multiples of the superannuation contributions paid late.

I warmly encourage you to watch this [short video](#) so that you are full informed about this issue. Please do not hesitate to contact the office should you have any questions