

ALERT

26 MAY 2014

Superannuation update – are you ready for 1 July?

The question mark over what is happening with superannuation rates has been answered by the Budget Papers.

The government's policy (announced before the last election) was to pause superannuation at 9.25%. The Budget has confirmed that super contributions will increase from 9.25% to 9.5% on 1 July 2014 (in accordance with the current legislation). However, in the Budget Papers, the government proposes to freeze the rate at 9.5% for four years, until 30 June 2018 – after which, the rate is set to increase by 0.5% each year until it reaches 12%.

Employers must also take steps to ensure they are compliant with SuperStream, a government reform aimed at improving the efficiency of the superannuation system. SuperStream requires employers to pay superannuation contributions using the government's new data and payment standards (which effectively means that employers must make super contributions on behalf of their employees by submitting data and payments electronically).

SuperStream, which is mandatory for all employers making superannuation contributions, commences for large employers (with 20 or more employees) on 1 July 2014. Large employers have until 30 June 2015 to meet the SuperStream requirements. Commencement is delayed for small employers (with 19 or fewer employees).

For employers

- Ensure you pay employees the super guarantee rate of 9.5% from 1 July 2014.
- Ensure you are preparing for the introduction of SuperStream. Options may include upgrading your payroll software, using an outsourced payroll service provider, using a commercial clearing house or speaking to your default fund provider, who may be able to give details about how to comply with SuperStream using their preferred facilities.
- Collect information to support contributions being made electronically, such as bank account details and electronic service addresses.

We recommend that employers who are unsure of their superannuation contribution obligations and/or the requirements under SuperStream seek advice. If you have not met your super obligations as an employer, you are liable to pay a superannuation guarantee charge (SGC) to the Australian Taxation Office (and, depending on the circumstances, possibly other penalties as well). Company directors are also personally liable for SGC liabilities that are not paid by the due date. Penalties may also be imposed for a failure to comply with SuperStream.

For more information, please contact our Employment & Industrial Relations team on **+61 3 9608 2233**.

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