

# REPORTABLE EMPLOYER SUPERANNUATION CONTRIBUTIONS

JULY 2010

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## New Reporting from 1 July 2009:

In the May 2008 Federal Budget the Government announced its concerns about salary sacrifice arrangements and how these arrangements enable employees to reduce their assessable income and thereby qualify for certain Government benefits which are subject to an income test.

Salary sacrifice arrangements also enable employees to avoid other taxes, such as the Medicare Levy Surcharge, which are applicable to higher incomes.

To address these concerns the Government introduced new legislation which came into effect from 1 July 2009.

The new rules require employers to report certain superannuation contributions from 1 July 2009 on Payment Summaries, (ie Group Certificates). These superannuation contributions are called "Reportable Employer Superannuation Contributions".

Once employers have reported the relevant superannuation contributions for their employees, the Australian Taxation Office will add the reported amounts to other income for the purposes of assessing employees' eligibility for a number of Government benefits including:

- Family tax benefits
- Government superannuation co-contributions
- Dependent tax offsets
- Mature age worker tax offset
- Senior Australians tax offset
- A range of Centrelink benefits
- Exemption from the Medicare Levy Surcharge
- Child support payments

It should be noted that Reportable Employer Superannuation Contributions are NOT included as assessable income for income tax return purposes.

After 30 June 2009, it is therefore imperative employers correctly report the required contributions. Overstating the contributions may have an adverse impact on employees. On the other hand, understating the contributions may result in employees making significant back payments of additional taxes or repaying various Government benefits.

## What Is Reportable?

Generally speaking, additional super contributions are considered Reportable Employer Superannuation Contributions if they satisfy all of the following conditions:

Made by the employer on behalf of the employee;  
The employee influenced the rate or amount of super the employer contribute for them; and  
The contributions are additional to the compulsory contributions the employer must make under any of the following

- super guarantee law, (usually 9% SGC),
- an industrial agreement ,
- the trust deed or governing rules of a super fund, or
- a federal, state or territory law.

## What is Not Reportable?

Any super contributions that you contributed on your employee's behalf, if your employee did not influence the amount are considered **not** to be reportable contributions.

If your employee makes contributions from their after-tax (net) pay, these contributions are not reportable contributions.

## Further Information

Further information explaining what is considered to be reportable contributions or not reportable contributions can be found on the Australian Taxation Office website:

[www.ato.gov.au/businesses](http://www.ato.gov.au/businesses)

Please don't hesitate to contact us if you have any queries.