AUSTRALIAN PAYROLL ASSOCIATION

Members Update

Dear member,

Welcome to the March 2019 member's update.

This month will provide you with the key rates and threshold indexed figures for the 2019-2020 FY and we will also look at the SG Charge Statement and the proposed Amnesty.

Key Superannuation Rates and Thresholds

The ATO have released the 2019-20 thresholds for the ETP Cap, the Tax-free part of genuine redundancy and early retirement scheme payments, and the Maximum super contribution base.

Life benefit termination payments ETP cap	
Income year	Amount of cap
2019-20	**$210,000**
2018-19	$205,000

Death benefit termination payments ETP cap	
Income year	Amount of cap
2019-20	**$210,000**
2018-19	$205,000

Maximum super contributions base	
Income year	Income per quarter
2019-20	**$55,270**
2018-19	$54,030

Genuine Redundancy and early retirement scheme payment limits		
Income year	Base Limit	For each complete year of service
2019-20	**$10,638**	**$5,320**
2018-19	$10,399	$5,200

The Superannuation Guarantee Charge Statement and the proposed Amnesty

Firstly – what is the SG Charge Statement? You may be liable for the SG Charge Statement if you:

- Do not pay enough superannuation contributions for your employees
- Pay the contributions after the quarterly cut-off date
- Pay the contributions to the wrong fund

The charge is made up of:

- SG shortfall amounts
- interest on those amounts (currently 10%)
- an administration fee of $20 per employee, per quarter.

So, as an example, let's say an employer has 25 staff and the total Ordinary Time Earnings for the quarter ending **30 September 2017** was $337500. The employer has an SG liability of 9.5% of OTE = $32062.50.

1. If the employer pays the correct amount of super by the relevant quarterly cut-off date, then there is no SG Charge liability and the amount to be paid is **$32062.50**.

2. If however, the payment was missed entirely, the employer is now liable to complete the SG Charge Statement. So let's day the employer completes the SG Charge Statement on **5th March 2019**. The total liability would look a little like this:

Total **salary and wages** (for 25 employees): $375,000 – the total salaries and wages are now subject to 9.5% - not just the OTE. (e.g. overtime is now included in the calculation)

Total SG shortfall:	$35,625 ($375,000 x 9.5%)
Total choice liabilities	$0.00 (presuming there is no choice liability which has a limitation)
Nominal interest:	$5,578.75 (this is based on 10% per annum however the formulae is a little more complex and works with number of days in each quarter/year) from the day the SG fell due). This amount is paid to the employees' fund or held for the employee in ATO held super if no fund can be found. **Please note – $5,578.75 is an approx. figure only for the purposes of this exercise**
Administration fee:	$500 ($20 per person per quarter = $20 x 25)
Total SGC:	**$41,703.75**

So, if the employer had paid the SG on time for the qtr ending 30/9/2017, the liability would have been $32062.50. Now, approx. 1.5 years later on 5/3/2019, the employer has a liability of $41703.75 – **an additional amount of $9641.25 is payable and the employer is not entitled to a tax deduction for the $9641.25.**

Furthermore, if the employer completes the SG Charge statement but does not immediately make the payment, a general interest charge (**GIC** - levied by the ATO) and possibly a penalty if the completion of the SG Charge statement was a result of an ATO audit (as opposed to voluntary disclosure) – the audit will usually be initiated by an employee complaining to the ATO that they have not been paid their super.

So, we have been receiving a lot of questions about the SG Amnesty – which was in fact proposed over a year ago. The proposed Amnesty – which is intended to be available **for 12 months from 24 May 2018 to 23 May 2019** - provides that the following benefits will be available if the employer discloses any superannuation shortfalls and completes the SG Charge Statement voluntarily:

• the administration component ($20 per employee per period) of the super guarantee charge (SGC) won't be payable
• Part 7 penalty will not be applied (this penalty states that if an employer lodges their SGC statement late, or fails to provide a statement or information when asked for it during an ATO audit, they are liable for a maximum penalty - 200% of the amount of the charge payable.
• all catch-up payments made during the 12-month amnesty period will become tax-deductible.

Please note – the proposed amnesty has not passed into law so the ATO will continue to apply the existing law, including the application of the mandatory administration component ($20 per employee per period) to SG charge statements lodged by employers. If the Amnesty passes into law, the ATO will apply the new law **retrospectively to voluntary disclosures made during this period (24/5/2018 – 23/5/2019)** and the employer will be entitled to the benefits of the amnesty for any SG shortfalls they have voluntarily disclosed.

Just a reminder - as you may be aware, our advisors are sometimes conducting audits or training, may be in meetings or have other commitments that restricts them from addressing your query in a timely manner so the processes outlined below will assist in your query being handled in a timely manner –

1.   Email directly to helpdesk@austpayroll.com.au

2.   Log into the Members Portal and submit an enquiry. Follow the below steps to do so;
o   Visit austpayroll.com.au
o   Click Member Login in the top right, or Member Area if already signed in
o   Submit your query by clicking Members Help Desk in the top left
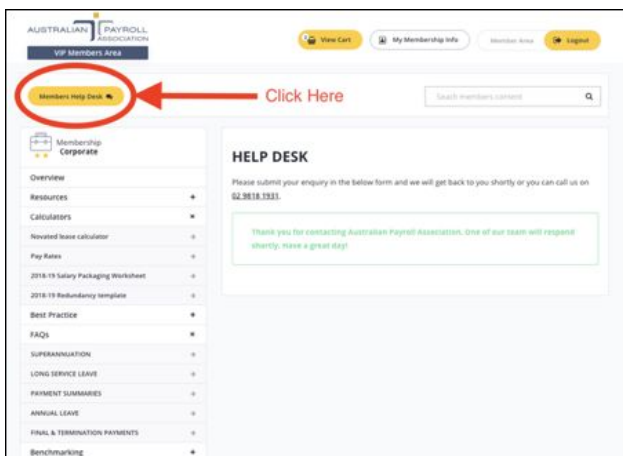
3.   Phone 02 9818 1931 and ask for the helpdesk with your membership details to hand

WEBINAR

With the end of the FBT year on March 31st, our March 2019 webinar will be held on ***20th March @ 1:00 pm.***

Topic: ***Understanding Fringe Benefit Tax for Payroll Professionals and the Payment Summary/STP Reporting Requirements of these Benefits***

Register here

Regards,

Maria Nikoletatos
Chief Knowledge Officer