

TAX FACTS - SUPERANNUATION GUARANTEE (SG)

The Superannuation Guarantee (SG) is a mandatory system in Australia that requires employers to contribute a percentage of their employees' ordinary time earnings into a superannuation fund. It is designed to ensure that employees receive regular contributions to their superannuation (retirement savings) throughout their working lives.

Key points about the Superannuation Guarantee:

- 1. Contribution Rate:** The SG contribution rate as at July 1 2023 is 11% of an employee's ordinary time earnings. It will increase every year on July 1 until July 1 2025 where it will be set a 12%. The rate is subject to legislative changes, and it is always advisable to check the latest rates set by the Australian government.
- 2. Eligibility:** Generally, employees who are 18 years or older are eligible for SG contributions. As are employees under 18 working over 30 hours a week. This includes full-time, part-time, and casual employees.
- 3. Age Limit:** Previously, employees over the age of 70 were not eligible for SG contributions. However, from July 1, 2020, the age limit was removed, and employers are required to contribute for eligible employees regardless of their age.
- 4. Contribution Calculation:** Employers calculate the SG contribution based on an employee's ordinary time earnings, which generally includes wages, commissions, allowances, and some bonuses. It does not include overtime pay or payments for leave.
- 5. Payment and Deadlines:** Employers are required to make SG contributions at least quarterly, within 28 days after the end of each quarter. The contributions must be paid into an employee's chosen superannuation fund. From 1 July 2026, employers will be required to pay employees' super at the same time they pay their wages.
- 6. Choice of Super Fund:** Employees have the right to choose their own superannuation fund. If an employee does not choose a fund, the employer will pay the SG contributions into the employees stapled fund, or the employers default fund.
- 7. Penalties:** Employers who fail to meet their SG obligations must complete a superannuation guarantee change statement and pay the super guarantee charge (SGC) including interest and administration fees. None of the SGC payment is tax deductible.

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TAX FACTS - ATO SUPERANNUATION TOOLS

The Australian Taxation Office (ATO) provides the following tools to help employers understand and meet their obligations:

- [Super guarantee charge statement and calculator tool](#) - to work out your SGC liability for eligible workers.
- [Super guarantee contributions](#) - to calculate superannuation guarantee contributions for your eligible employees for a current quarter including within 28 day period after.
- [Super guarantee eligibility](#) - Use this decision tool to check if you need to make super guarantee (SG) contributions for any individuals you employ.
- [Superannuation benefit component calculator](#) - Super professionals can use this calculator to determine the crystallised segment of the tax free component of a superannuation interest.

For more handy tools and calculators you can go to the [ATO website](#).

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