Superannuation Guarantee Amnesty

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<u>Have you underpaid superannuation to your employees or contractors?</u>

The government has proposed a one-off amnesty, which will enable you to pay the shortfall in superannuation guarantee (SG) obligations for employees and contractors for the period 1st July 1992 - 31st March 2018.

The amnesty is yet to receive Royal Assent, but if it does, it will allow you six months to pay any shortfall.

The amnesty will allow you to meet your SG obligations, avoid any late lodgement penalties, and claim a tax deduction for the payments. You will still be required to pay all outstanding SG amounts plus interest.

To qualify, you will need to notify the tax office, in an approved format, of any underpaid SG once the amnesty is in place. You will then arrange for payment of the outstanding amount plus interest either directly into the employee/contractors super fund or via the tax office. You will not be able to use the amnesty for SG payments that you have previously disclosed as being unpaid.

If you have an SG shortfall after the amnesty period, the penalty will be severe. This would include a minimum of 100% penalty of the shortfall SG, interest, a $20 fee per employee/contactor, and none of the payments will be tax deductible.

If you want to take advantage of the amnesty, we encourage you to review your records now for any SG shortfalls. The review should also include contractor arrangements. It is important to note that contractors paid mainly for their labour are employees for SG purposes. This is the case even if the contractor quotes an Australian Business Number (ABN).

The introduction of Single Touch Payroll and the availability of live wages data has enabled the ATO to easily identify any SG shortfall. If you have a shortfall in SG for employees/contractors going forward, you should expect to be contacted by the tax office.

Please contact your accountant for assistance with your SG review and for more specific information.