

## Tax Facts - Superannuation Guarantee

In addition to employees' salaries and wages, employers are required to pay superannuation contributions on behalf of all eligible employees. This compulsory contribution is called the superannuation guarantee. The definition of employee for this purpose includes certain contractors. The minimum contribution from 1 July 2014 is 9.5% of each eligible employee's earnings base (usually their ordinary time earnings) and must be paid within 28 days after the end of each calendar quarter. Employers must also provide employees with a choice of superannuation fund.

The minimum contribution rate will remain at 9.5% until 30 June 2021. After that date, the rate will increase by 0.5% each financial year until it reaches 12% from 1 July 2025.

Employers are generally required to pay superannuation contributions for employees if they are:

- over the age of 18 (no upper age limit applies)
- paid \$450 or more (before tax) in a calendar month.

If an employer fails to make the minimum contributions for a quarter by the due date, the employer is liable for the Superannuation Guarantee Charge (SGC). The SGC comprises the unpaid contributions calculated on a higher earnings base, plus an interest charge (which is credited to the employee's superannuation account) and an administration fee. The employer cannot claim an income tax deduction for the SGC.

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

- [Superannuation Guarantee Charge \(SGC\) statement and calculator](#) - calculate the SGC liability and prepare the SGC statement.
- [Employee/contractor decision tool](#) - determine whether new or existing workers are contractors or employees (for tax and super purposes)
- [Superannuation guarantee eligibility decision tool](#) - see whether an employer needs to make super contributions for employees
- [Superannuation guarantee contributions calculator](#) - calculate how much super an employee should be contributing for eligible workers.