



SPEC Super
Your Industry Your Super

An Industry SuperFund 

SUPER NEWS

June 2009

What is the difference between Salary Sacrifice and Member Voluntary contributions?

RECORD CONTRIBUTIONS FOR YOUR CURRENT MEMBERS HERE

Member Number, Name & DOB	WKS	Employer	Add. Employer	Salary Sacrifice	Member Voluntary	TOTAL	Date Ceased
	5	\$	\$	\$	\$	\$	/ /
	5	\$	\$	\$	\$	\$	/ /

Salary sacrifice

Salary sacrifice is an arrangement between the employer and employee where the employee consents to reduce their gross salary by a nominated amount. The employer uses this amount to increase their super contributions for the employee.

Most employees entering a salary sacrifice arrangement expect the employer to continue making award or SG contributions based on their pre-sacrifice salary.

Tip: you should list salary sacrifice contributions in the Salary Sacrifice column of your Contribution Return Advice or when using Employer Online.

Employee after-tax contributions

Employee after-tax contributions are amounts paid by your employee from after-tax income. Government regulations require these to be forwarded to SPEC Super by the 28th of the month following deduction from salary. The government imposes penalties on employers who fail to meet this legislative requirement.

Tip: You should list these contributions in the Member Voluntary column of your Contribution Return Advice or when using Employer Online.

Why is it important to correctly identify employee after-tax and salary sacrifice contributions?

SPEC Super relies on the information in your Contribution Return Advice to appropriately tax the contributions.

Salary sacrifice

Salary sacrifice contributions are subject to the Government 15% contributions tax. They are also reported to the Australian Taxation Office.

Employee after-tax contributions

Because employees have already paid income tax before remitting their employee after-tax contributions, these do not incur contributions tax.

These contributions are exempt from any lump-sum tax that may be payable, when returned to the employee as part of their eventual benefit payment. That's why it's important to list them correctly.

For more information please contact SPEC Super on 1300 366 648.



2008/2009 Cut-off Date

Super payments are tax deductible in the financial year in which you pay them.

This means that Superannuation Guarantee contributions must be received by SPEC Super for your employees **before the 30 June 2009 deadline** if you want to claim a tax deduction this financial year.

GOVERNMENT CO-CONTRIBUTION 2008/2009

Is your employee having you pay their voluntary contribution for the Government's co-contribution directly to SPEC Super on their behalf?

To be sure your employees **do not to miss out** on the 08/09 Government Co-Contribution you need to make their voluntary super contributions **before the 30 June 2009 deadline**.

Save Time? Get Online!



A reminder that you can now submit your employees' superannuation contributions via the internet and pay by **BPAY, EFT or Direct Debit!**

Your contribution details are protected and only accessible through your employer number and a unique password. A demonstration of the system is available on the Fund's website www.specsuper.com and can be accessed by using employer ID 123456 and a password of demo.

Registration is easy. Simply contact us on 1300 366 648 and we will issue your Employer Online password straight away!

Contact Murray Bell if you would like to discuss any aspect of the Fund or would like Murray to visit you. Murray can also talk to your employees and conduct presentations about SPEC Super and its benefits.
Phone: (07) 3238 1267 Mobile: 0409 617 322 Email: murray.bell@specsuper.com

This information is of a general nature and does not take into account your individual financial situation, objectives or needs. Because of this you should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. You should obtain a Product Disclosure Statement (PDS) and consider the PDS before making any decision. If you require such specific advice, you should contact a licenced financial adviser. SPEC(QLD) PTY. LTD. (ABN 60 010 743 405, AFSL 325 122), the Trustee of SPEC Super (ABN 45 404 406 059), is authorised to provide general financial product advice in relation to superannuation.



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ATO FINALISES RULING ON “ORDINARY TIME EARNINGS”

Prior to 1 July 2008, the minimum superannuation contributions required from an employer in Australia was a percentage of each eligible employee’s “notional earnings base”. However, from 1 July 2008, all employers are required to use ordinary time earnings (OTE) to calculate the minimum superannuation contribution (up to the maximum contribution base, which is currently \$38,180 per quarter).

Various aspects of the New Ruling represent a significant departure from the ATO’s views as expressed in the Old Ruling. These departures relate to the ATO’s view in relation to:

- bonuses;
- payments in lieu of notice; and
- paid parental leave and ancillary leave.

Please note that the New Ruling has moved away from comments in an earlier draft of the ruling which suggested that overtime should be included as part of OTE. The ATO has now confirmed its view (as expressed in the Old Ruling and commonly accepted by employers) that employers were not required to pay superannuation on overtime. This is on the basis that salary and wages paid in the “ordinary hours of work” did not extend to overtime payments.

The New Ruling will take effect from 1 July 2009.

WHAT ARE THE KEY CHANGES IN THE NEW RULING?

Bonuses

The ATO has expressed the view that all types of bonuses are now to be included in OTE, other than:

- a bonus that is solely referable to work done in overtime hours;
- and
- some “sign-on” bonuses.

Under the Old Ruling, bonuses not related to the employee’s performance (ex gratia or “Christmas” bonuses) were not included in OTE. These types of bonuses are now included.

Payments in Lieu of Notice

Payments in lieu of notice on termination of employment are also now included in OTE. Under the Old Ruling these payments were not included in OTE.

The ATO maintains that awards and agreements often provide that, instead of giving notice of termination, the employer may simply pay an amount which is equivalent to the salary or wages the employee would have earned during the notice period and such payments are OTE.

Paid Parental Leave and Ancillary Leave

In the Draft Ruling, the ATO indicated that maternity and paternity leave payments are to be included in OTE.

However, the New Ruling expressly does not deal with the status of payments made to employees who are on parental leave, or “top-up” payments to employees who are on other ancillary kinds of leave (such as jury service). The stated reason for the Ruling not dealing with these payments is that the Government announced it intends to “clarify the superannuation guarantee status of certain kinds of leave payments”.

It is noteworthy that in the 2009-10 Budget Papers, reference is made to the ATO’s advice to the Government that salary paid while on parental leave and other ancillary leave payments are OTE for superannuation guarantee purposes. The Government has indicated that consideration of superannuation payments while an employee is on statutory paid parental leave will be deferred until a review which will take place in 2013. Further, the Government has stated it will clarify that superannuation guarantee contributions will not apply to voluntary paid parental leave payments, and it will review this position (as well as the position in relation to ancillary leave payments) when it reviews the treatment of superannuation under the paid parental leave scheme in 2013.

**For more information please contact the ATO on 13 10 20 or go to
www.ato.gov.au**