

CLIENT ALERT: SUPERANNUATION AMENESTY FINALLY LAW – ACT NOW FOR SG SHORTFALLS TO 24 MAY 2018!

Parliament finally passed *Treasury Laws Amendment (Recovering Unpaid Superannuation) Bill 2019* on 24 February 2020. This legislation provides a long awaited one-off amnesty to self-correct historical superannuation guarantee (SG) shortfall for the period 1 July 1992 to 24 May 2018.

How good is the SG Amnesty that is available?

1. You get a deduction (instead of no deduction)

Superannuation guarantee payments are due to be paid to a complying super fund by the 28th day of the month following the end of each quarter. Where the payment of SG is late, an SG charge is payable equal to the full amount of the late payment, which is not deductible. Late contributions that an employer has elected to offset against their SG charge liability are not deductible.

This amnesty provides a deduction for payments made in respect of SG charge made during the amnesty period, and deductions for contributions that are offset against SG charge (1 July 1992 to 24 May 2018).

2. You don't have to pay the \$20 administrative charge per employee

Where an SG charge applies due to late payment, there is an administration component of \$20 per employee in respect of whom the employer has an individual SG shortfall for the quarter.

Under the amnesty, this administrative component won't be charged.

3. If you don't disclose your SG shortfall in the amnesty period and the ATO finds out, there is a minimum penalty of 100% of the SG charge

An additional penalty of up to 200% of the SG charge may be raised against the employer by the ATO, where the employer lodges a SG statement late or fail to provide information. The ATO in normal cases has the ability to remit this to nil.

For SG charge payable by the employer for the period of the amnesty, the ATO is limited to remitting this amount to 100% of the SG charge payable.

4. What if my SG shortfall is outstanding of the amnesty period (i.e. after 24 May 2018)

SG shortfalls or late payments outside of the amnesty period of 1 July 1992 to 24 May 2018 remains unchanged, i.e. there is no deduction for the SG charge, \$20 administrative component per employee per quarter, and penalties of up to 200% of the SG charge that could be remitted to nil.

What do I need to do?

The amnesty period started from 24 May 2018 and ends 6 months after the date of Royal Assent (so let's say around **late August 2020**). If you are an employer and you know you have a SG shortfall for the period 1 July 1992 to 24 May 2018, please contact your local Hall Chadwick office for a confidential discussion about how the amnesty can apply to your circumstances.