



First Impressions
BOOK KEEPING

SUPER STREAM - 2015

FIRST IMPRESSIONS - UNDERSTANDING THE SUPER PROCESS

SUPER – WHAT IS IT?

Small businesses with employees have obligations to make super contributions. This guide provides an overview of super and an introduction to complying with SuperStream.

SUPERANNUATION GUARANTEE:

Under Australia's superannuation law, you as an employer must pay the equivalent of 9.5% of your salary into a super fund. This is called the Super Guarantee scheme – and the level of compulsory super is gradually increasing to 12% by 2022 (or earlier if current government legislation is rejected).

It's designed to help you build up and save for retirement, so you don't have to rely on a government pension when you stop working.

Generally, you're entitled to Super Guarantee contributions from an employer if:

- You're 18 years old or over *and*
- You earn \$450 or more (before tax) in a month
- It doesn't matter if you're full time, part time or casual, an Australian resident or here on a working visa – as long as you fulfil the above criteria, you qualify for the Super Guarantee.
- If you're under 18 you must work more than 30 hours per week and earn \$450 per week to be entitled to employer-paid super contributions



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SUPER – WHAT – WHEN – WHY?

Do I have to pay super? Why do I pay super? How is super calculated?

Business owners must pay a contribution of a minimum of 9.5% (current for 2015) of each eligible worker's ordinary time earnings in super contributions, each quarter. This obligation is called the superannuation guarantee.

Quarter	Payroll Period	Lodgement and Payment due date
Quarter 1	1 July – 30 September	28 October
Quarter 2	1 October – 31 December	28 January
Quarter 3	1 January – 31 March	28 April
Quarter 4	1 April – 30 June	28 July

Super contributions are not compulsory if a business is classed as a sole trader or a partnership (only for the owner / operators) . However paying super into a fund can be a smart way for a small business to save for retirement.



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SUPER INCREASES

Changes

On 1 July 2014, Australia's Super Guarantee rate rose to 9.5%. This means your employer should have started paying more into your superannuation fund.

To help provide a realistic income in retirement, the Super Guarantee rate will continue to gradually increase up to 12% by 2025.

The table below shows the yearly rate increases:

<u>YEAR</u>	<u>RATE</u>
1 July 2014	9.5%
1 July 2021	10%
1 July 2022	10.5%
1 July 2023	11%
1 July 2024	11.5%
1 July 2025	12%



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SUPER – HOW TO MAKE PAYMENTS

How can a business owner pay super

Business owners can make super payments directly to the superannuation fund that their employees choose. They can pay via cheque, bank transfer or directly from their accounting software packages.

They can automate the process of making super payments. It's as easy as selecting 'Pay Super', choosing which contributions to pay and then approving the payment. The accounting program will take care of the payment and transmission of the information through to the super fund.



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SUPER ON WAGES – WHAT IS WAGES?

What is regarded as wages?

For Super Guarantee purposes, salary/wages includes:

- Regular wage
- Shift allowances
- Commissions
- Some bonuses
- Overtime payments however are usually not included.

Contractors and the Super Guarantee

If a contractor paid entirely or principally by one company for your work, then they can be considered an employee for super purposes and, and such, entitled to super guarantee contributions under the same rules as employees.

** Generally, as an employer you have to pay super. If an employee is 18 years or over and they earn \$450 or more (before tax) in salary or wages in a calendar month. It doesn't matter whether they work full time, part time or casual. The maximum income on which employees are paid the Super Guarantee in 2014/15 is \$49,430 per quarter (\$197,720 per year).*

If they are under 18 years they must meet the above conditions and work for more than 30 hours per week to be entitled to Super Guarantee.



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SUPER STREAM – WHAT IS IT?

SuperStream is a government initiative being implemented by the ATO, with a goal of improving the efficiency of the superannuation system. It's a new process of managing data and payments that business owners have to comply with when making superannuation contributions for their employees.

What does SuperStream mean for employers?

Employers must now make super contributions on behalf of their employees by submitting data and payments electronically in accordance with the SuperStream standard.

- If a business has 20 or more employees, SuperStream contributions need to be implemented as soon as practicable.
- If a business has 19 or fewer employees, SuperStream applies from 1 July 2015. As with larger employers, the ATO will be flexible provided you have a plan in place by 30 June 2016.

What does SuperStream mean for SMSFs?

Self-managed super funds (SMSFs) are controlled by their trustees or four members and are regulated by the ATO. They are a way for individuals to start savings for retirement or provide death benefits for the members or the members' dependents.

Generally, business owners who have a self-managed fund are those with well established businesses who like the control, flexibility and tax advantages that a SMSF may bring.

Since 1 July 2014, SMSF trustees have been required to receive both electronic messages and payment when employers make contributions using the SuperStream data and payment standard.



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GET SUPER STREAM READY

Find a solution that best suits your business

There are a variety of software solutions available for making SuperStream – compliant contributions. Some let you pay unlimited super contributions quickly and easily without leaving your software. It makes staying on top of ATO SuperStream requirements a breeze.

Become familiar with your compliance dates

Employers with 20+ employees

If you have 20 or more employees, SuperStream contributions need to be implemented as soon as practicable.

Employers with <19 employees

If you have up to 19 employees, aim to start making SuperStream contributions from 1 July, 2015. If you or your solution provider is ready, there is no need to wait and you can start when it suits your business.



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UPDATE YOUR RECORDS

Record all your information and update your payroll records

As a business owner, to make super contributions using SuperStream you need to collect information for new and existing employees:

- > The employee's Tax File Number (TFN) if you don't already have this
- > The super fund's Australian Business Number (ABN)
- > The super fund's BSB and account number
- > The super fund's electronic service address
- > A payment reference number linking data to payment
- > A unique superannuation identifier (USI) and superannuation product (APRA- regulated funds only)

If your employees have SMSFs, you will need to collect each fund's name, ABN, electronic service address, BSB and account number.

Once you've collected the new information, you'll need to update your payroll records. If you work with a clearing house, bureau or other external provider, you will need to arrange for them to update their records.



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YOUR READY TO GO!

Make your first super contribution and refine your processes

You're now ready to make your first SuperStream contribution.

An integrated software solution should do all the hard work for you – paying the individual employee super funds and complying with SuperStream. Using an advanced program like MYOB for example you could save more time than you thought possible:

Don't use any software	Use only payroll software	Use MYOB AccountRight
Time taken: 1 to 3 days	Time taken: 1 to 3 hours	Time taken: 10 to 30 minutes
Work out payroll manually.	Generate the payroll.	Generate the payroll.
Work out the super and PAYG liabilities manually.	Generate the payroll super report to work out the super and PAYG obligations.	Generate the payroll super report to work out the super and PAYG obligations.
For each employee: > Work out the super guarantee and salary sacrifice super amounts > Complete the Superfund Contribution Report.	Ensure the super fund contribution report complies with the file format of each super fund or clearing house.	Check and verify amounts.
Pay super by: > Mailing cheques or > Paying electronically	Submit the report online.	Authorise, and super is paid automatically
Mail the super fund contribution reports to each super fund.	Pay super electronically.	



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Solutions

We know that your business is more than just bookkeeping! We tailor solutions based on the specific needs of each client and take a long term approach to provide a permanent solution to meet all requirements, while ensuring enough flexibility to change our systems as your requirements change over time.

We can either work within your current systems and processes or work out a new streamlined solution that will get things done quickly and easily. Our bookkeeping solutions are comprehensive and long term freeing up your time so you can focus on running your business.

We also work out a schedule and process that fits in with your needs and gets things done when you want them done.

Phone: 0402 889 596
Fax: (07) 55 981 990
Email: info@firstbookkeeping.com.au
Website: www.firstbookkeeping.com.au
Facebook: www.facebook.com/firstbookkeeping



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