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## The Super Guarantee timing trap for employers

### How employers are being caught out by the timing of superannuation guarantee payments.

Employers can generally only claim a deduction for superannuation contributions in the income year in which the contribution is made. Super contributions are made when the payments are received by the trustee of a complying superannuation fund.

It's not uncommon for employers to be caught out by timing problems, many in the belief that the contribution has been made at the point the payment is made rather than when it is credited to the superannuation fund provider's account. Many forms of electronic transfer however are not guaranteed to be automatic or next day. BPay for example may take up to 2 days, a delay that is often not factored in.

A new practice statement from the ATO highlights the problem created by the use of clearing houses.

There is a specific element of the law that enables payments made to the Government's Small Business Superannuation Clearing House (SBSCH) to be accepted as contributions when the clearing house receives them, rather than when the trustee of the superannuation fund has received the contribution. The SBSCH is only available to small businesses with 19 or fewer employees, or with an annual aggregated turnover of less than \$10 million.

Private clearing houses are treated differently and as such, employers need to allow sufficient time for their superannuation contributions to be received, processed and paid by the clearing house to the superannuation fund, before their SG obligation is discharged.

Take the example of an employer who brings forward superannuation contributions before 30 June to be able to claim the tax deduction in that year. If a private clearing house was used, and time was not allowed for the clearing house to process the payment, and as a result the payment was not received by the trustees before 30 June, then the deduction cannot be claimed until the next financial year.

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