



# Superannuation (Australia)

This guide is for SmoothPay Payroll users paying staff in Australia (*most other regions are much simpler and the superannuation options are preset and/or self-evident*). There's a small mention of NZ KiwiSaver-compliant funds at the end as well.

This step-by-step guide shows you how to set up:

- 🕒 employer superannuation contributions,
- 🕒 super sacrifice (*employee contributions, pre-tax*) and
- 🕒 voluntary (*employee contributions, post-tax*) in SmoothPay Payroll, and
- 🕒 sacrificing a bonus (*or similar*)

It also covers production of:

- 🕒 superannuation schedules (*for checking*),
- 🕒 remittance advice forms (*to accompany your payment to individual super funds*), and
- 🕒 an optional super.xls spreadsheet
- 🕒 Please refer to our SuperStream guide for additional info

And finally, a section on **Accounting for Superannuation**

Employees are entitled to 9.5% (*as at July 2014*) as a guaranteed employer contribution based on their OTE (*Ordinary Time Earnings*), and the amount calculated is payable as long as the employee earns more than the standard \$450 threshold per month (*you can specify a lower threshold in Smoothpay if you wish*). These OTE earnings include ordinary time worked as well as paid leave (*refer to ATO for a complete definition - you control what makes up the OTE by a flag on each time, leave and allowance payroll code*).

If the employee is sacrificing part of their income to superannuation (*sacrifice, pre-tax*) to superannuation, then OTE can optionally be automatically reduced by the sacrificed amount (*saving employer cost*).

All super contributions made by way of Sacrifice, or where the employer's contribution exceeds the basic contribution rate and the employee has directly influenced or negotiated the contribution rate, must be reported on the employee's Payment Summary in the RESC section (*refer to ATO for the complete details of Superannuation Reporting*). SmoothPay will do this automatically.

**NOTE:** Many employers expect to see the total employer contribution in the RESC section of the payment summary - this is NOT correct. RESC reports sacrifice and employer contributions above the standard rate only.

## Create all Superannuation agencies

Create records for all superannuation funds used by your employees in *Codes..Agencies and Super Funds*:

Super funds

ANZ OneAnswer Personal Super  
Australian Super  
BT Super  
CFS First Choice Personal Super  
**HESTA Super Fund**  
Host Plus Super  
IOOF Investment Management Ltd  
MLC Super Solutions  
RISSMF Property Holdings PTY LTD

Title: HESTA Super Fund

Payee: (name and address): HESTA Super Fund  
PO Box 600  
Carlton South 3053

Phone: 1800813327  Inactive

ABN: 00-681-869-5

Email:

Paid by: Direct credit

BSB+account: 083188-251020137

BPAY biller#:

Employer#: 763986

Individual payment transactions?

Category: Superannuation

Holding A/c:

+ -  101

The important points to note are:

- **Payee:** Make sure this is complete so that your payment advice shows the fund name and address
- **Employer #:** Enter your employer ID or number so that the fund can identify your payments
- **BSB+Account:** this is for reference and may be used to generate the optional ABA file for direct payment to funds. It does not cause contributions to be direct credited each pay period, as contributions are limited by the monthly minimum earnings threshold for OTE (currently \$450/month), so payments should only occur when generated by the Super Schedule reporting process.
- **Individual direct credit transactions?:** Not required for super
- **Category:** MUST be Superannuation
- **Holding A/c:** This is the holding account for all superannuation contribution liabilities and from where your payments to each fund are made from (*usually monthly or quarterly*). Refer to our *Accounting Integration Guide* for more information about using cost centres and holding accounts for payroll processing.
- **SuperStream (Australia only):** Please make sure all details are correctly entered per the SuperStream guide to avoid unnecessary extra work when you file your schedules electronically

Now that all super funds have been established, you can use them on each employee's *Super* tab.

## Setting each employee's super fund and options

Choose the *Super* tab. Select (*click*) each employee in turn, then set the employee's super fund and any other options (*by default, employee's inherit the company's default super fund provider and contribution options*).

Personal	Pay	History	Contract	Leave	Super	Payments	Bank	Notes
Provider	HESTA Super Fund			Member #	12415826			
Employee %	0.000000							
Employer %	9.500000			Minimum \$	0.00			
				Maximum \$	0.00			
Sacrifice?	None			Rate/Amount	0.00			
<input type="checkbox"/> Reduce Superannuation Guarantee base earnings by salary sacrifice amount								
<input type="checkbox"/> Employee opt-out (do NOT provide TFN to super fund)								

Points to note:

- **Member #:** Your employee's membership number with the fund
- **Employee %:** Employee's *post-tax* voluntary contribution (if any)\*
- **Employer %:** Typically 9.5% (*at July 2014*) - you can also set minimum and maximum contribution values (*esp. for employees who would exceed the SG cap*)
- **Sacrifice?:** Employee's *pre-tax* sacrifice to super - can be set to None (*default*), Amount (*per pay period*), or Percentage of OTE. All sacrificed amounts appear as RESC on the employee's payment summary.
- **Reduce SG base:** Tick this only if sacrificed amounts are to be deducted from OTE before calculation of employee and employer percentages.
- **Employee opt-out:** Your employee may request that their TFN not be provided to their super fund (via SuperStream)

**\*NOTE:** Employee's may prefer to make additional *post-tax* contributions to their super fund using methods other than a fixed percentage of OTE (*e.g. a fixed amount, a percentage based on other criteria such as overtime only etc.*) where they have exceeded the sacrifice threshold, or where they are able to claim co-contribution subsidies (*low income earners*). This can be achieved by adding a Sundry Deduction for superannuation to the employee's standard pay template. All such amounts appear in the *Voluntary* contributions column on the Super Schedules.

## Additional *post-tax* employee super contributions

It's easy to establish basic *pre-* and *post-tax* voluntary contributions for the employee to their selected superannuation fund by using the options available in the Super tab.

However, employees may also wish to make extra *post-tax* voluntary contributions as a fixed amount per pay, or a percentage of overtime or other earnings.

For example, if your employee wishes to contribute an extra \$20 per pay period to their super fund, then establish a deduction code as follows (*Codes..Sundry Deductions*) - use any code and description that suits:

VOLUNTARY ADVANCE	Abbreviation	VOLUNTARY	<input type="checkbox"/> Inactive
	Description	Voluntary Super (post-tax)	
	Category	Superannuation	
	Calculation	Amount per pay period	
	Holding A/c	Deductions Holding	
		<input type="checkbox"/> Employer expense?	
	<input type="checkbox"/> Is this deduction to be paid to another party (agency)?		

**NOTE:** Make sure the Category is set to Superannuation (so it links to the employee's super fund contributions whenever it is used). Do not tick the "Employer expense" or "other agency" options - we want this to remain a sundry deduction.

**Example:** You can use any of the deduction calculation options available.

For example, to automatically contribute all overtime to superannuation, you would create a deduction code based on "Earnings x Rate", then Fine Tune it to include just the Overtime entries. Then, when you add the code to the employee's Pay Input, specify that a rate of 1 (one) is to be used, and all overtime will then be taken as voluntary superannuation contributions.

Then, in *Pay..Sundry Deductions*, add the deduction entry and specify the amount to be deducted each pay period:

Personal		Pay	History	Contract	Leave	Super	Payments	Bank	Notes
Time [F5]		Leave Taken	Allowances [F6]	Sundry Deductions	Overheads				
Voluntary Super (post-tax)		Date	01.07.2013						
		Type	VOLUNTARY Voluntary Super (po)						
		Units	1.000						
		Rate	20.000000						
		Value	20.00 Amount per pay period						

You can use this as a one-off entry for just one pay period, or save it as part of the employee's standard template pay so it repeats every pay period (*until the employee wants it changed*) - this is an exception to the rule that sundry deductions are not retained as part of standard template pay, as it's quite common to have an ongoing voluntary super contribution.

## Sacrificing a bonus

In order to sacrifice an bonus etc. (*to be reported as RESC on the employee's payment summary*), use the following procedure:

1. Create a **SuperBonus** allowance code that is taxable, but not superable (unless you want it to attract extra super).
2. Add the allowance to the employee's pay input for the amount required, eg. \$2000
3. Temporarily alter the employee's Super Sacrifice to match the bonus (this will contra the allowance amount on the payslip so that tax is only paid on taxable earnings excluding the allowance value)

After you complete the pay processing make sure you set the sacrifice back to none (*or whatever it was previously*).

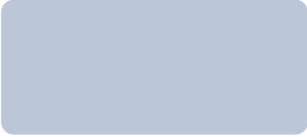
**WARNING:** It's up to you to make sure that the employee does not exceed the sacrifice threshold. If your employee has exceeded the threshold, then the excess must be treated as a post-tax voluntary superannuation contribution (e.g. a superannuation deduction as per this guide), and the allowable portion as normal Sacrifice.

Here's a sample of a payslip set up as per above:

	Date	Units	Rate	Value
<b>Time</b>				
Ordinary time	18-Jun-2014	40.00	20.00	800.00
				<b>800.00</b>
<b>Allowances</b>				
Super bonus	18-Jun-2014	1.00	2000.00	2000.00
				<b>2000.00</b>
<b>Sacrifice and Pre-tax Deductions</b>				
Perpetual		1.00	2000.00	2000.00
				<b>2000.00</b>
<b>Deductions</b>				
PAYG				109.00
				<b>109.00</b>
<b>Net Pay</b>				

## Payslips

The employee's payslip shows any voluntary contributions and salary sacrifice in the payslip transactions area.

		<b>Pay for</b>	1 Fortnight		
		<b>Period ending</b>	01-Jul-13		
		<b>Pay day</b>	01-Jul-13		
		<b>Pay group</b>			
Tax code: Tax free threshold, No LL					
	<b>Date</b>	<b>Units</b>	<b>Rate</b>	<b>Value</b>	
<b>Time</b>					
Ordinary	01-Jul-13	25.00	15.00	375.00	
				<b>375.00</b>	
<b>Sacrifice and Pre-tax Deductions</b>					
Hesta Super Fund		375.00	0.03	<b>*1</b>	11.25
					<b>11.25</b>
<b>Deductions</b>					
PAYG					0.00
Voluntary Super (post-tax)		1.00	<b>*2</b>	20.00	20.00
Hesta Super Fund		375.00	0.02	<b>*3</b>	7.50
					<b>27.50</b>
<b>Net Pay</b>					
Cheque					336.25
					<b>336.25</b>
<b>Status</b>		<b>YTD Tax</b>	<b>YTD Gross</b>		
Permanent, Full time, Waged		0.00	363.75		

In this payslip illustration we've added:

- \* 1, a 3% (of OTE) Sacrifice (*pre-tax*)
- \* 2, a \$20 sundry superannuation deduction (*post-tax*)
- \* 3, a 2% (of OTE) voluntary employee contribution (*also post-tax*)

It also shows the accumulated employer's contributions for each pay, current month and YTD at the foot of the payslip:

Total employer funded superannuation payable to Hesta Super Fund: for this pay \$34.69, for paydays this month \$34.69, for paydays since 01-Jul-13 \$34.69 (values depend on you reaching earnings threshold of \$450.00 this month)

## Default superannuation fund and contribution options

Choose *Configure..Super*, set as required.

When you add a new employee, these settings will be applied as the default. Make sure you correct the employee's super fund settings if this is not their correct super fund, and set their membership # correctly.

The screenshot shows a 'Settings' dialog box with the 'Super' tab selected. The 'Provider' dropdown is set to 'Hesta Super Fund'. The 'Employee %' field contains '0.000000', and the 'Employer %' field contains '9.250000' with a small 'SG' icon to its right. The 'Threshold' field contains '450.00'. There are three unchecked checkboxes: 'Reduce Superannuation Guarantee base earnings by salary sacrifice amount', 'Allocate employer contributions in costing analysis', and 'Threshold applies to casual staff only'. An 'OK' button is located at the bottom right of the dialog.

Points to note:

- 🔊 **Provider:** The default superannuation fund to be used for new staff
- 🔊 **Threshold:** The monthly OTE amount to be reached before super contributions must be made
- 🔊 **Reduce SG OTE by salary sacrifice:** This sets a default for new staff to reduce OTE by any sacrifice being made (*saving the employer making contributions on the sacrificed amount*)
- 🔊 **Allocate employer contributions in costing:** This is the easiest and best way to allocate SG costs to employee cost centres (*it's automatically pro-rated over all costing analysis entries per employee, per pay period*). Other options are available too, such as using a more complex (*but more powerful*) method of using overheads entries to perform the calculations and transfer the costs to nominated accounts per employee - *the major pitfall is that users tend to forget to change the calculation rates when SG rates increase*.
- 🔊 **Threshold applies to casual staff only:** This relatively uncommon choice lets you apply the \$450 threshold to casual staff earnings only - permanent staff will have SG calculated on every eligible dollar.

## Superannuation Schedules

Choose *Reports..Super..Schedule*:

Specify the period required (*a selected month, quarter or use the year or Date range options for additional reporting requirements*).

**WARNING:** the Date range option and schedule is provided for per-pay period superannuation contribution liabilities for all staff for pay days that occur between the dates you specify - you can get similar information for a specific employee from their history tab via the print tool menu.

**Do not use this report for paying super funds.**

**Schedule report:** Prints a schedule of employees and their contribution totals per month. Can be sorted by paypoint, or by fund (for easy checking). You should always produce this report:

Acme Widgets Pty Ltd							
Superannuation Schedule for pay days 01/01/2009 to 31/03/2009							
	Scheme ID	Member ID	OTE	Employer subsidy	Salary sacrifice	Employee voluntary	
Brown, Homer	Mar	Employer Code 10332731	920.00	82.80	0.00	0.00	
Long, Elle	Feb	666777 12345678	4681.31	421.32	0.00	0.00	
Long, Elle	Mar	666777 12345678	9362.60	842.64	0.00	0.00	
Pyefinch, Tama	Feb		408.00	0.00	0.00	0.00	
Smith, Adrienne	Mar	666777 4567890	575.13	51.76	0.00	0.00	
Smith, Logan	Mar	110074360	2600.00	234.00	0.00	0.00	
Williamson, Graham	Mar	666777 14609617	2610.50	234.95	0.00	0.00	
			21157.54	1867.47	0.00	0.00	

- 🔍 The Salary Sacrifice column contains pre-tax employee sacrifice contributions.
- 🔍 The Employee Voluntary column contains post-tax employee super contributions (*both employee % and sundry deduction amounts*)



**Remittance forms:** can be produced (*per super fund*), for example:

These are only useful if you're still paying funds manually (SuperStream means you will have to submit all returns electronically in future).

Acme Widgets Pty Ltd  
Superannuation Schedule for pay days 01/01/2009 to 31/03/2009

Hesta Super Fund  
P O Box 600  
Carlton South  
VIC 3053

	Scheme ID	Member ID	Employer subsidy	Salary sacrifice	Employee voluntary
Long, Elle	Feb 666777	12345678	421.32	0.00	0.00
Long, Elle	Mar 666777	12345678	842.64	0.00	0.00
Smith, Adrienne	Mar 666777	4567890	51.76	0.00	0.00
Williamson, Graham	Mar 666777	14609617	234.95	0.00	0.00
<b>Totals</b>			1550.67	0.00	0.00

**A Direct Credit (ABA) file** and report can also be produced if you selected the *Generate direct credit file* option, consolidated by fund or itemised by employee. This makes paying each fund a trivial matter of uploading the ABA file for payment to each fund.

An optional **super.xls spreadsheet** can also be produced which is useful for clearing houses or super funds that are able to process a spreadsheet return if they will do your SuperStream processing for you (rather than using SmoothPay's built-in SuperStream processing)

**SuperStream reporting:** This option displays the totals per fund for the reporting period selected, lets you annotate each entry with payment reference details, then submit your returns via SuperStream. Please refer to our SuperStream guide for full details.

You can run these reports, for any period, at any time.

## General notes

- When bringing on historical pay entries (say, when moving from a manual system to SmoothPay), make sure you set the OTE value correctly, otherwise superannuation contribution amounts will not be calculated correctly:

Earnings summary	
Ordinary time	0.000
Overtime worked	0.000
Leave taken	0.000
CDEP content	0.00
Taxable allowances	11263.91
Non-taxable allowances	0.00
Lump A	0.00
Lump B	0.00
Lump D	0.00
Lump E	0.00
Gross value	11263.91

Superannuation	
Ordinary time earnings	11263.91
Employer contribution	1013.75
Salary Sacrifice	0.00

Deductions	
Tax withheld (incl HELP etc)	4769.49
Union/professional fees	0.00
Workplace giving	0.00
Superannuation	0.00
Other deductions	0.00
Total deductions	4769.49

Fringe benefits: 0.00  
Amount paid: 6494.42

- Make sure your "ordinary time equivalent" time, leave and allowance payroll codes are set correctly to contribute to OTE, eg:

SmoothPay Gold Payroll: SAMPLE COMPANY, period ending 23-Jan-13, pay day 23-Jan-13

Configuration: Who to pay | Pay reports | Process pays | Template | Timesheet | Payslip | Summary | Backup | About | Update | Help | Assist | Quit

Show staff being paid: 5

STAFF: Bowen, Matt; Carpenter, Christine; Eregon, Samantha; Landers, Likely; Winston, Petra

CODES: Agencies and Super Funds; Allowances; Sundry Deductions; Time codes; Leave codes; Cost centres (accounts); Jobs; Activities; Departments; Branches; Awards; VACST Rates; Roles and Positions; Overheads; HR; Resources

DOUBLE  
ORDINARY  
OVERTIME

Abbreviation: ORDINARY  Inactive  
Description: Ordinary time  
Category: Ordinary time  
Multiplier: 1.00  
 Include in Super calculations?  
 Counts towards Rostered Day Off?

Melbourne VIC HelpDesk (03) 9010 5694 [Email the HelpDesk](#)

- SuperStream electronic filing will become mandatory for all employers from July 2015 - please see our SuperStream Guide for full details.

## Accounting for Superannuation

You can manage superannuation liabilities in three ways in SmoothPay.

- 1) The easiest and preferred method is to allocate super costs over the cost centres used when analysing staff time and allowances. Simply tick the option in Config..Super. Superannuation is generally going to be a cost, and it is reasonable to allocate it to the cost centres used for an employee's pay (*as it's part of the total cost of employing that person*). This method allocates the total superannuation contribution cost over each cost centre used in your pay inputs. The total amount is credited to whatever account you specified for superannuation holding (*Codes..Agencies..select each super fund and check it's holding account*). You can nominate separate holding accounts for each fund, though that's not really necessary, or just one single super

holding account.

Allocate employer contributions in costing analysis

Prorated

- 2) Some employers (*or their accountants*) like to show the cost per employee in separate cost centres. You can specify a common cost centre in Configure..Super and leave the same option in Employee..Super set to default

Allocate employer contributions in costing analysis

6666 Super liability

. Alternatively you can specify individual cost centres on a per-employee basis (*overriding the default provided in the Configure..Super section*).

- 3) Ignore the costs being allocated completely (*no tick in Options, no overheads*). When you produce your super schedules, simply pay from whatever cost centre you like to use for super payments (rather than paying from a holding account)

## A special mention to NZ users with KiwiSaver-compliant super funds

A special category has been established for such funds, and they're subject to exactly the same rules as KiwiSaver (otherwise they wouldn't be compliant).

The screenshot shows a software interface for configuring a Superannuation Scheme. On the left, a 'Current records' dropdown menu is open, showing 'KiwiSaver' and 'Superannuation Scheme'. The main form fields are: Title (Superannuation Scheme), Payee: (name and address) (Baptist Union Super Scheme), Phone (empty), Email (empty), Category (KiwiSaver-compliant super), Holding A/c (Superannuation Holding), and Calculation (Amount per pay period). There is an 'Inactive' checkbox and a 'Payment' button labeled 'Payee account details'.

The calculation method is irrelevant, as KiwiSaver rules must be applied (the calculation will be performed using the KiwiSaver percentages set in the employee's KiwiSaver tab, based on the liable earnings just as KiwiSaver would be).

To add this to the employee, simply add to the Payments tab and set up the required percentages in the KiwiSaver tab.

The CEC (Compulsory Employer Contribution) percentage will be added as an "employer-calculation allowance" so it doesn't affect the employee's pay, however the ESCT (Employer Superannuation Contributions Tax) will be deducted from the amount and added into the IRD Schedules produced each month.

The employee's contribution will be added as a deduction.

To report on the amount payable to the super fund, run the Monthly Summary from the Agencies and Super Funds section.

## Feedback

We're always keen to do better!

Any and all feedback is appreciated and if you feel we could include better examples, provide more explanation, provide references to additional information, make a process easier to use, or you spot something that isn't working the way it's supposed to - please let us know.