



This guidance note provides guidance for employers applying the super guarantee changes for salary sacrifice arrangements commencing on 1 January 2020.

We are committed to providing you with accurate, consistent and clear advice and guidance to help you understand your rights and entitlements, and your obligations. If you follow our advice or guidance and it turns out to be incorrect, or you make a mistake because it was misleading, we will take this into account.

[Our commitment to you](#)

This guidance note contains general information and examples. It may omit details that could be significant in your personal circumstances.

Super guarantee has changed with effect from 1 January 2020.

This information is for employers, payroll software providers and intermediaries who may need to change the way they calculate super guarantee.

The *Treasury Laws Amendment (2019 Tax Integrity and Other Measures No. 1) Act 2019* was passed by Parliament in October 2019, and included amendments to super guarantee law affecting the:

- employer's super guarantee obligations
- base amount on which super guarantee is calculated.

This is an integrity measure to ensure that employers cannot reduce their super guarantee obligations by taking advantage of contributions made by employees who have salary sacrifice arrangements.

What has changed from 1 January 2020?

Until 31 December 2019, if you entered into an effective salary sacrifice arrangement with an employee, you were required to calculate the minimum super guarantee payments only on the employee's ordinary time earnings (OTE). As salary sacrifice arrangements reduced the OTE, these arrangements may have reduced the amount of super guarantee payable.

In addition, super contributions to an employee's fund under an effective salary sacrifice arrangement were previously considered employer contributions under super guarantee law, and counted towards your super guarantee obligations.

From 1 January 2020, you calculate the minimum amount of super guarantee on the employee's OTE base. This is the sum of the employee's OTE and any OTE amounts they sacrifice in return for super contributions.

Additionally, super contributions to an employee's fund under an effective salary sacrifice arrangement no longer count towards your super guarantee obligations.

If you have salary sacrifice arrangements with your employees

Review any salary sacrifice arrangements you have to ensure that you are calculating super guarantee correctly.

If you previously calculated minimum super guarantee on the reduced OTE

If you have calculated your minimum super guarantee contributions on the reduced OTE – that is, excluding employee salary sacrificed amounts – you need to make sure that the calculations are adjusted. Super guarantee entitlements are calculated as 9.5% of the OTE base (OTE plus any OTE amounts salary sacrificed to super) for the employee for the quarter. Ensure that you, your systems, or your payroll provider are making the correct calculation.

If you have been counting employee salary sacrificed amounts as employer contributions

If you have counted amounts salary sacrificed to super as contributions towards reducing your super guarantee obligations, you need to ensure that you contribute the correct amount to employees' super funds by the quarterly due dates. You cannot reduce your super guarantee obligation by amounts you contribute on your employee's behalf under a salary sacrifice arrangement.

Amounts salary sacrificed towards something other than super

Calculation of super guarantee relating to other sacrificed amounts (such as salary sacrifice arrangements for cars, property or expense payments) are not affected by these changes.

Examples

Super guarantee liability is calculated on OTE base. Salary sacrifice contributions cannot be used to reduce OTE base

Sharon has a weekly wage of \$2,000, which is entirely OTE. She has an effective salary sacrifice agreement with her employer to sacrifice \$300 per week to her super fund and \$200 per week towards a novated car lease.

Sharon's employer previously calculated her super guarantee liability on the after-salary sacrifice wage per week of \$1,500 (\$2,000 minus \$500). This amounted to contributions totalling \$142.50 ($\$1,500 \times 9.5\%$) to be made to Sharon's super fund to satisfy the employer's super guarantee liability.

From 1 January 2020, Sharon's employer must calculate her super guarantee liability on the OTE base, which includes the amounts sacrificed to super. Her weekly OTE base is \$1,800.

To meet its super guarantee obligation under the new law, Sharon's employer must contribute \$171 to Sharon's super fund ($(\$1,500 + \$300) \times 9.5\%$).

The employer is not required to make these contributions to the super fund until the quarterly due dates.

Sacrificed contributions cannot be used to satisfy an employer's super guarantee obligations

John has a monthly OTE base of \$9,000 which would generally require a super guarantee contribution of \$855 ($9.5\% \times \$9,000$).

John has entered into an effective salary sacrifice agreement with his employer to sacrifice \$1,000 per month into his super fund.

Until 31 December 2019, the employer used the \$1,000 John salary sacrificed towards satisfying his super guarantee liability. Therefore, the employer was not required to contribute any further amounts to satisfy its obligation.

From 1 January 2020, the salary sacrifice contributions can no longer be counted towards the employer's liability.

Therefore, from 1 January 2020, the employer is required to contribute \$1,855 to John's super fund for the month. The \$1,855 consists of John's \$1,000 salary sacrifice contribution and \$855 super guarantee contribution.

The employer is not required to make these contributions to the super fund until the quarterly due dates.

For more information, see:

- [Salary sacrificing super – information for employers](#) on ato.gov.au
 - [Super guarantee payments](#) on ato.gov.au
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References:

SG(A)A 1992 6(1)

SG(A)A 1992 15A

SG(A)A 1992 19(1)

SG(A)A 1992 23(2)

Treasury Laws Amendment (2019 Tax Integrity and Other Measures No. 1) Act 2019

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