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FOR IMMEDIATE RELEASE

Support for super amnesty — but ongoing compliance relies on robust ATO systems

Tax & Super Australia (TSA) supports the proposed superannuation guarantee (SG) amnesty, but says ongoing employer compliance hinges on the effectiveness of the ATO's new reporting technology and audit processes.

TSA believes the Government's proposal, currently being debated before Parliament, to give employers who have not paid adequate superannuation a chance to come clean without incurring penalties is the most practical approach.

Early results from a TSA member poll show that 75% agree the amnesty will help workers to recoup some of their retirement savings.

However, TSA senior tax counsel John Jeffreys noted that employers should have never been allowed to dodge their SG obligations so easily.

“Unfortunately in the past, the ATO has not policed these law-breaking employers strongly enough and so a care-free attitude had developed. Some employers didn't pay superannuation contributions because they thought there was only a low risk of being caught.”

The introduction of the single touch payroll (STP) system gives the ATO a significant weapon in its arsenal to catch rogue employers, Mr Jeffreys noted.

“STP means most employers in Australia must report their employee payment obligations in real time to the ATO. This gives the ATO a high-resolution view of what employers are doing (or not doing) in relation to employee obligations.”

“If passed, once the SG amnesty period — six months after the day the legislation becomes law — has finished, TSA encourages the ATO and Fair Work Australia to vigorously pursue employers who do not make superannuation contributions in accordance with the law.”

Mr Jeffreys said the Government's SG amnesty was a “carrot and stick” proposal. “The carrot gives employers who have dodged their superannuation responsibilities the opportunity to do the right thing and without the usual penalties applying.”

“The stick relates to returning to a minimum of 100% penalties (the maximum can be 200%) including the SG charge that will be non-deductible, once the amnesty period has passed.”

For further comment, please contact John Jeffreys:
Phone: (03) 8851 4510
Email: jjeffreys@taxandsuperaustralia.com.au

Tax & Super Australia (TSA) is a not-for-profit organisation that educates and empowers 4,000 tax and superannuation professionals across Australia. It was established in 1919 by a group of Melbourne businessmen who believed in a simple, fairer tax system. Since then, TSA has evolved to meet the challenges of Australia's modern tax regime and remains at the forefront of supporting professionals.

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