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# TAX ALERT

## Superannuation Guarantee Increase

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As 1 July fast approaches, we wanted to provide a timely reminder for businesses employing staff that the Superannuation Guarantee (SG) rate will increase from 10.5% to 11% as of 1 July 2023. SG will continue to increase each year until it reaches 12% on 1 July 2025.

The 0.5% increase does not mean that everyone gets an automatic pay increase, this will depend on the employment agreements your business has with your staff. If your employment agreements state that employees are paid on a 'total remuneration' basis (base plus SG and any other allowances), then the increase SG rate can be factored into this package and the employee's take home pay may reduce. That is, a greater percentage of the employee's total remuneration will be directed to their superannuation fund. For those employees paid a rate plus superannuation, then those employee's take home pay will remain the same, and the employer will need to increase their superannuation contributions.

Employers will need to ensure that they pay the correct SG amount in the new financial year to avoid the superannuation guarantee charge. Where employee salaries are paid at a point other than the first day of the month, ensure the calculations are correct across the month (i.e., for staff paid on the 15th of the month they are paid the correct SG rate for June and July in their pay and not just the June rate).

**Employers should also review their software to ensure all employer super rates have been updated to 11%, or if their software will update the rate automatically.**

Superannuation salary packaging arrangements will also need to be reviewed. Employers should ensure that the calculations are correct and the SG rate increase flows through.

### **\$450 Threshold Abolished**

As a reminder, the \$450 threshold for superannuation guarantee contributions has been abolished effective from 1 July 2022. The change means that any employee over 18 years old must be paid super at 11% of ordinary time earnings (OTE).

Should you have any queries in relation to the above, please feel free to contact our office on 07 3360 9600.