

Superannuation Amnesty & Payroll Underpayments

Two compelling events align

Schools have until 7 September 2020 to make voluntary disclosures of Superannuation shortfalls to the ATO.

Schools are being urged to undertake a payroll health check, in light of an emerging risk pertaining to:

- Underpayments to professional and teaching staff; and
- The recent Superannuation Amnesty that gives Schools a 3 month window to disclose any superannuation shortfalls to avoid penalties.

Potential underpayments

Through our extensive work with Schools, we have identified an emerging risk associated with the accuracy of payments under the Awards and Individual Contracts for professional and teaching staff.

Issues highlighted include:

- Inaccuracies in rates for teaching staff who earn an ordinary hourly rate and a casual rate
- Inaccuracies in entitlements/allowances rates being applied
- Entitlements/allowances paid to staff who do not qualify
- Inaccuracies in determination of wages for sports staff
- Inaccuracies in the application of the General Staff Awards

Payroll master files/tables have failed to be accurately and completely updated to configure the different rates of pay and allowances available. Schools are therefore at risk of underpaying their staff members and therefore comply with their legal requirements pertaining to superannuation and WorkCover. This could have a devastating impact on both finances (via penalties and back pay) and reputation.

Superannuation Amnesty

The Superannuation Amnesty that was announced in the 2018 Budget is now in force.

The Amnesty period includes all Superannuation shortfalls from 1 July 1992 through to 31 March 2018. Employers have until **7 September 2020** to disclose Superannuation shortfalls to the ATO.

What is the impact?



Financial risks

- Underpayment to employees
- Payroll tax underpayment
- Superannuation underpayment
- WorkCover underpayment
- Annual leave loading underpayment
- Penalties arising from underpayments



Reputation risks

- Staff morale
- Community



Opportunity

- Avoid the administration penalty of the superannuation guarantee charge of \$20 per employee per quarter
- Be able to claim a corporate tax deduction for the payment of underpaid super during the amnesty period
- Receive a full reduction of potential penalties that can be up to 200% of the total underpaid super

Action required – how we can help

Given the time restrictions – **7 September 2020** - under the Superannuation Amnesty period, employers should immediately take the following steps:

1. Quantify the underpayment of individual overtime pay in addition to the superannuation, annual leave, WorkCover and leave loading liabilities within the required timeframes
2. Review historical superannuation guarantee payments to ensure that any shortfalls are rectified during the amnesty period.
3. Check that payroll codes are correctly categorised as ordinary times earnings and any awards applied correctly to ensure that employers are meeting their SG obligations going forward to avoid penalties.
4. Liaise with the Auditor General's office to provide assurance on the work being undertaken and to provide regular updates
5. Maintain auditable records for the Auditor General's review
6. Liaise with legal advisors re ramifications of underpayments on tax and superannuation liabilities and any provisions required
7. Work with HR to identify root causes of the issues and identification of all costs requiring quantification
8. Report any underreporting to the ATO through SG Amnesty.

Get in touch

Through the use of sophisticated data analytics, we can remotely assist you to manage your organisation's payroll and superannuation compliance risk efficiently, as well as identifying potential savings opportunities.

We use our [Complete Tax Solutions \(CTS\)](#) data analytics tool to review your payroll records to identify any shortfalls or disclosure concerns.

Rest assured that whilst the Government's social distancing guidelines are in force, we are able to assist you remotely during this period and are able to provide the full benefits of these services to you away from the office. The University and its employee's privacy and confidentiality are protected, with strong controls in place.

Reach out to one of our ShineWing Australia experts below to discuss how we can support you in your payroll health check.



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