



19 February 2018

Manager  
Retirement Income Policy Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Email: [superannuation@treasury.gov.au](mailto:superannuation@treasury.gov.au)

Dear Sir/Madam,

### **SMSF ASSOCIATION SUBMISSION ON PROTECTING SUPERANNUTION ENTITLEMENTS**

The SMSF Association (SMSFA) welcomes the opportunity to make a submission on the Government's consultation regarding protecting superannuation entitlements.

Compulsory superannuation is a key pillar of the Australian retirement income system and together with the other important pillars of voluntary contributions and a means-tested age pension, supports people achieving a secure and dignified retirement. The SMSFA certainly supports any moves to tighten up the system to ensure employers meet their legal obligations to pay superannuation guarantee (SG).

We believe empowering the Australian Tax Office (ATO) to issue directions to employers to pay unpaid SG and undertake SG education courses is a crucial step in ensuring Australians are rightly paid their entitlements. Introducing criminal penalties for failure to comply with a direction to pay further solidifies this notion. We further support the measures in Chapter Five which aim to improve compliance measures.

We also welcome allowing the ATO to disclose more information about SG non-compliance to affected employees. This ensures information flows readily from the ATO to employees about any misconduct their employer may be engaging in. It provides a further level of accountability with regards to SG.

The SMSFA understands and welcomes the benefits of introducing the single touch payroll (STP) to all employers. We would urge to Government to ensure that employers are consulted and equipped with enough transition time to facilitate this process. With the introduction of STP we would also support the payment of SG to be aligned with payroll functions rather than quarterly in the future.

We are also supportive of the measures that streamline employee commencement processes. Allowing employers access to the details of a new employee's existing superannuation fund will greatly increase the employer's ability to make an informed choice on where the employees SG contributions should be paid. We would encourage the Government to further look at ensuring employees nominate their preferred superannuation fund to the ATO through their MyGov account.



This will reduce the significant negative impacts that account proliferation has on the Australian superannuation system.

The announcement to introduce a director identification number to help target directors who fail in their SG duties and target illegal phoenix activity is also welcomed. This should further help the ATO identify these directors and the companies they direct and seek appropriate remedies for unpaid SG.

While we strongly support the measures in this package we still support further action on SG entitlements. We continue to endorse the following recommendations in the Superannuation Gap Senate Inquiry Report should be actioned:

1. Recommendation 2 – ATO to prioritise calculating the SG gap and commit to publishing the SG gap annually in order for progress to be tracked over time
2. Recommendation 3 - removing the \$450 monthly threshold on SG eligibility.
3. Recommendation 7 – review the definition of Ordinary Time Earnings for the purposes of SG obligation calculations and undertake an examination on the wider implications of any potential changes.
4. Recommendation 12 – ATO to undertake more proactive compliance activity, such as random audits.

If you have any questions about our submission please do not hesitate in contacting us.

Yours sincerely,

A handwritten signature in black ink that reads 'John L. Maroney'.

John Maroney  
CEO  
SMSF Association

### **ABOUT THE SMSF ASSOCIATION**

The SMSF Association is the peak professional body representing SMSF sector which is comprised of over 1.1 million SMSF members who have \$701 billion of funds under management and a diverse range of financial professionals servicing SMSFs. The SMSF Association continues to build integrity through professional and education standards for advisors and education standards for trustees. The SMSF Association consists of professional members, principally accountants, auditors, lawyers, financial planners and other professionals such as tax professionals and actuaries. Additionally, the SMSF Association represents SMSF trustee members and provides them access to independent education materials to assist them in the running of their SMSF.