# *PS LA 2007/10 - Making default superannuation guarantee charge assessments for quarters ending on or before 30 June 2026*

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# Making default superannuation guarantee charge assessments for quarters ending on or before 30 June 2026

This Practice Statement outlines the guidelines in relation to issuing a default assessment under former section 36 of the *Superannuation Guarantee (Administration) Act 1992* in relation to quarters ending on or before 30 June 2026.

**Relying on this Practice Statement**

This Practice Statement is an internal instruction to ATO staff, published externally in the interest of open tax administration.

Taxpayers can rely on this Practice Statement to provide them with protection from interest and penalties in the following way. If a statement turns out to be incorrect and taxpayers underpay their tax as a result, they will not have to pay a penalty, nor will they have to pay interest on the underpayment provided they reasonably relied on this Practice Statement in good faith. However, even if they do not have to pay a penalty or interest, taxpayers will have to pay the correct amount of tax provided the time limits under the law allow it.

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## What this Practice Statement is about

1. This Practice Statement applies to default assessments made by the Commissioner under former section 36 of the *Superannuation Guarantee Administration Act 1992*[1], (SGAA) in relation to quarters ending on or before 30 June 2026. As such, this Practice Statement relates to the operation of the superannuation guarantee (SG) scheme as it applied to those quarters.

[1] As it was in force immediately before 1 July 2026.

2. This Practice Statement does not apply to SG charge assessments for QE days[2] occurring on or after 1 July 2026. From this date, significant changes were made to the operation of the SG charge by the *Treasury Laws Amendment (Payday Superannuation) Act 2025* and other legislation to give effect to the policy announcement known as Payday Super.

3. Employers are required to make the minimum prescribed SG contributions for employees to avoid liability to the SG charge. In doing so, they also need to comply with the choice of fund requirements.[3]

4. If they do not meet either of these obligations, employers will have an SG shortfall and must lodge an SG statement for the relevant quarter by the due date[4] – which is the 28th day of the second month after the end of the quarter. The first statement lodged for a quarter is taken to be an assessment of the SG charge.

5. If an employer does not lodge the SG statement and we are of the opinion that the employer is liable to pay the SG charge[5] for the quarter, we may then make a default assessment of the SG shortfall and the SG charge payable on the shortfall.[6]

6. This Practice Statement outlines when a default assessment can be made and the factors to consider in making the default assessment.

7. These principles apply equally to the amendment of assessments relating to quarters ending on or before 30 June 2026 – either one lodged by an employer or a default assessment previously made.

8. All further legislative references in this Practice Statement are to the SGAA as it was in force immediately prior to 1 July 2026, unless otherwise indicated.

**Points to consider before making a default assessment under section 36**

9. When making your decision, consideration should be given to:

- Has the employer lodged an SG statement? If so, you cannot make a default assessment under section 36. However, you can amend an assessment under section 37.
- In all but very limited circumstances, employers should be informed of your intention to make a default assessment, as well as the basis upon which it will be calculated, prior to the assessment being made.

10. This allows employers the opportunity to ensure that an accurate assessment of their SG liability has been made. It will ease costs for the employer in meeting their obligations and may also lead to a reduction in disputes.

11. Exceptions to this general principle would be where there is:

- a risk of flight by the employer
- a risk of the dissipation of assets or movement of funds, or
- a history of the employer being uncooperative.

[2] QE day has the meaning given by section 17A of the SGAA.
[3] Section 32C of the SGAA.
[4] Subsection 33(1) of the SGAA. Note: the Commissioner may allow an employer to lodge an SG statement on a later date under subsection 33(1A) of the SGAA.
[5] Law Administration Practice Statement PS LA 2007/1 (GA) *Assessing superannuation guarantee charge where the employers have done what they could reasonably be expected to do to comply with the law by the due date, for periods ending before 1 July 2026* provides additional guidance regarding the SG charge and whether it will apply.
[6] Section 36 of the SGAA.

### Gathering information to make an assessment

12. When gathering information to ascertain whether the employer has an SG liability, best practice is to start with the employer themselves.

13. Before invoking our formal access and information-gathering powers, you should initially request the information on an informal basis.

14. However, if the employer does not respond satisfactorily to informal requests for information, you should then consider whether our formal powers will be more appropriate. Our formal powers include:

- issuing a notice[7] requiring an employer to provide a written statement in the approved form stating if the person has an SG shortfall, and
- issuing a notice under subsection 353-10(1) of Schedule 1 of the *Taxation Administration Act 1953* (TAA), requiring a person to do all or any of the following
  - give the Commissioner any information or documents under their control, and
  - attend and give evidence before the Commissioner.

### Making the default assessment

15. Where no information is provided or the information provided is not satisfactory, you may make a default assessment based on the information we have available.

16. Information sources, other than the employer, that may provide a reasonable basis for the default assessment to be made include:

- the employee – via an employee notification form or employee questionnaire
- ATO systems – for example, payment summaries, previously lodged SG statements, Single Touch Payroll data, employer or employee tax returns or superannuation fund data, and
- third parties – including superannuation funds and the Australian Bureau of Statistics, which has statistical data regarding different industries.

17. Your decision in relation to the default assessment must be defensible, sound and in accordance with:

- relevant laws
- the commitments made in the ATO Charter
- the principles of the Compliance model, and
- the Good decision-making model (link available internally only).

18. Your decision must be documented in the relevant ATO case management systems, outlining why you decided the employer has an SG shortfall and the process you used to calculate the SG charge.

19. As a general rule, we will only make assessments for quarters that the employer is required to have retained records. However, if there is sufficient written evidence of an SG

[7] Section 34. Note: a notice may only be issued under section 34 if the employer did not lodge an SG statement for a quarter during which they were at any time an employer.

shortfall, and that liability can be determined[8] with a fair degree of certainty, you are able to raise assessments for previous quarters.

20. Written evidence which may sufficiently quantify an SG shortfall includes, but is not limited to:

- payment summaries
- payslips, and
- superannuation fund statements.

21. The Commissioner must give written notice of the default assessment.

### Employer defences

22. When formulating your decision to make a default assessment, you must also consider the scenarios outlined in Law Administration Practice Statement PS LA 2007/1 (GA) *Assessing superannuation guarantee charge where the employers have done what they could reasonably be expected to do to comply with the law by the due date, for periods ending before 1 July 2026*.

23. The employer may also provide other supporting documentation (for example, bank statements) that may indicate evidence that SG contributions have already been made, which could demonstrate that they do not have an SG charge liability.

24. However, if the employer does not keep the required records, they are not able to raise their own failure as a defence against the making of a default assessment.[9]

25. An exception to this may apply where employers are impacted by a natural disaster and relevant records are lost or damaged. In this situation, an employer may seek assistance from us to estimate how much SG to pay.

26. If an employer has to wind up their business as a result of a disaster, they will still need to pay any outstanding super obligations for their employees before finishing up. We recommend that employers in this situation lodge an SG statement as soon as possible.

### Penalties – additional superannuation guarantee charge

27. An employer (other than a government body) is liable to pay a penalty of additional SG charge – equal to double the amount of SG charge payable for the quarter[10] – if they refuse, or fail to provide, when and as required under the SGAA:

- an SG statement, or
- other information relevant to assessing the employer's liability to pay the superannuation guarantee charge.

Note: an administrative penalty may also apply under the TAA where we raise a default assessment. However, the penalty should generally be remitted in full. Law Administration Practice Statement PS LA 2021/3 *Remission of additional superannuation guarantee*

[8] The amount of a shortfall can be more easily determined than a decision as to whether a worker is an employee for superannuation purposes. The status of a worker can generally only be determined with evidence from both parties.

[9] Isaacs J in *Stone v Federal Commissioner of Taxation* [1918] HCA 67; 25 CLR 389 at [393]:
> ... if he chooses to keep them so as to afford no sufficient internal evidence of the nature of the transaction they record, he must be prepared to take the consequences of his own omission.

[10] Section 59.

*charge for periods ending before 1 July 2026* provides guidance on remission of this penalty when additional SG charge penalty is assessed.

### Review rights

28. An employer who is dissatisfied with a default assessment or amended assessment may object to the assessment under Part IVC of the TAA.

### Judicial examples of sustainable default or amended assessments

#### *Pye and Commissioner of Taxation*

29. In the case *of Pye and Commissioner of Taxation* [2004] AATA 143, default assessments were made based on copies of payment summaries lodged by the applicant with the Commissioner. The figures obtained from the payment summaries were used to calculate the shortfall, which represented an amount that, in the Commissioner's opinion, was reasonably expected to be the shortfall. The SG charge had thus been correctly imposed.

#### *David Christie as Trustee for the Moreton Bay Trading Company and Commissioner of Taxation*

30. In the case of *David Christie as Trustee for the Moreton Bay Trading Company and Commissioner of Taxation* [2004] AATA 1396, the Commissioner relied on payment summaries and some pay records to make default assessments. The employer objected against the default assessments and the objection decisions were affirmed. McCabe J was unable to fault the reasoning or calculations contained in the objection decisions.

#### *Favaro, Gerald Antonio & Anor v Commissioner of Taxation*

31. In the case of *Favaro, Gerald Antonio & Anor v Commissioner of Taxation* [1996] FCA 877, the ATO used Australian Bureau of Statistics Household Expenditure Survey data to estimate the applicants' living and personal expenses. The applicants claimed that they lived, in the relevant years, more frugally than the hypothetical average individual.

32. However, the Federal Court held that the Commissioner had not acted on a wrong basis so far as his estimates of the applicants' living and personal expenses were concerned.

#### *Armirthalingam and Commissioner of Taxation*

33. In the case of *Armirthalingam and Commissioner of Taxation* [2012] AATA 449, amended assessments showing understated income were made relying on 'player rating transaction reports' and 'player monthly transaction reports' created by a casino. The Administrative Appeals Tribunal held that the reports were sufficiently accurate to be relied upon when making the assessment.

#### *Case A17*

34. A similar result was found in *Case A17* 1 NZTC 60, where the taxpayer's earnings were estimated by comparison with the earnings of other taxi drivers, although the assessment was reduced on the basis of evidence of greater than average fuel consumption for that particular taxpayer.

**Other examples**

***Example 1 – reason to amend default assessment***

35. *We make a default assessment that relates to 5 employees. Information becomes available that clearly shows the employer has an SG obligation for a sixth employee. We may amend the default assessment.*

***Example 2 – correcting or amending assessment***

36. *The employer gives us an SG statement showing details of an SG liability for 3 employees. It is identified, either by us or the employer, that there is an obligation for a fourth employee.*

37. *We may amend the assessment to make additions or corrections we think necessary to correct the assessment, or we may amend the assessment at the request of the employer.*

***Example 3 – amending assessment after record-keeping period has ended***

38. *An employee notifies us that their former employer has not paid superannuation guarantee for them for a period more than 5 years ago.*

39. *The employer is not required to have retained their records and therefore we require sufficient written evidence from the employee to determine the liability exists.*

40. *The employee provides payslips, a payment summary and their superannuation fund statement which proves an unpaid SG liability exists. As a result, we may raise a default assessment for the SG shortfall and the SG charge payable on the shortfall for the period that the employee has supporting documentary evidence.*

**More information**

41. For more information, see:

- Law Administration Practice Statement PS LA 2007/1 (GA) *Assessing superannuation guarantee charge where the employers have done what they could reasonably be expected to do to comply with the law by the due date, for periods before 1 July 2026*
- Law Administration Practice Statement PS LA 2014/4 *Default assessment penalty*
- Law Administration Practice Statement PS LA 2021/3 *Remission of additional superannuation guarantee charge for periods ending before 1 July 2026*.

**Date issued:** 26 April 2007

**Date of effect:** 26 April 2007

## Amendment History

**15 October 2026**

| Part | Comment |
|---|---|
| Title, paragraphs 1, 7, 8, 41 and footnote 5 | Updated to limit the application of the Practice Statement to quarters ending on or before 30 June 2026, in light of the significant amendments to the operation of the SG charge made by the *Treasury Laws Amendment (Payday Superannuation) Act 2025* and related legislation. |
| Throughout | Updated to align with amended Practice Statement style and formatting requirements, and the ATO Style Guide. |

**4 September 2024**

| Part | Comment |
|---|---|
| Throughout | Content checked for technical accuracy and currency.<br>Updated in line with current ATO style and accessibility requirements. |

**30 June 2016**

| Part | Comment |
|---|---|
| All | Updated to new LAPS format and style. |

**21 May 2013**

| Part | Comment |
|---|---|
| Footnote 8 and other references to PS LA 2002/16. | References to PS LA 2002/16 deleted as it has been withdrawn. |
| Paragraph 23 | Minor wording change. |
| Throughout | Minor Style guide and punctuation changes. |

**28 October 2011**

| Part | Comment |
|---|---|
| Paragraph 16, 17, 25, 43 & footnote 6 | Some references of the term 'tax officer/s' were unnecessarily capitalised, which is inconsistent with the Style guide. |
| Paragraph 52 | Paragraph 52 now refers to PS LA 2011/28 instead of the now withdrawn PS LA 2006/1. |

**12 May 2010**

| Part | Comment |
|---|---|
| Various | Minor revisions to update 'Tax Office' to 'ATO' and improve the technical currency of the document. |
| Footnote 1A | Inserted to reference subsection 19(2) (minimum prescribed level of super contributions to avoid the SGC). |
| Contact details | Updated. |

**7 September 2009**

| Part | Comment |
|---|---|
| Footnote 5 | LAPS reference updated. |
| Contact details | Updated. |

## References

*Previous draft:*

Not previously issued as a draft

*Legislative references:*

- SGAA 1992 17A
- SGAA 1992 32C
- SGAA 1992 33(1)
- SGAA 1992 33(1A)
- SGAA 1992 34
- SGAA 1992 36
- SGAA 1992 37
- SGAA 1992 59
- TAA 1953 Pt IVC
- TAA 1953 Sch 1 353-10(1)

*Cases relied on:*

Armirthalingam and Commissioner of Taxation [2012] AATA 449; 2012 ATC 10-260; 90 ATR 204
Case A17 1 NZTC 60,144 Board of Review
David Christie as Trustee for the Moreton Bay Trading Company and Commissioner of Taxation [2004] AATA 1396; 2005 ATC 2009; 58 ATR 1142
Favaro, Gerald Antonio & Anor v Commissioner of Taxation [1996] FCA 877; 96 ATC 4975; 34 ATR 1
Pye and Commissioner of Taxation [2004] AATA 143; 2004 ATC 2029; 55 ATR 1024
Stone v Federal Commissioner of Taxation [1918] HCA 67; 25 CLR 389

*Related practice statements:*

PS LA 2007/1 (GA)
PS LA 2014/4
PS LA 2021/3

*Other references:*

Compliance model
Good decision-making model (link available internally only)
ATO Charter

ATO references

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