



# ***SGD 2003/6 - Superannuation guarantee: how is an advance payment allocated to a particular quarter?***

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 This document has changed over time. This is a consolidated version of the ruling which was published on *1 October 2003*

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# Superannuation Guarantee Determination

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## **Superannuation guarantee: how is an advance payment allocated to a particular quarter?**

### *Preamble*

*Superannuation Guarantee Determinations do not have the force of law. Each decision made by the Australian Taxation Office is made on the merits of the individual case having regard to any relevant Rulings and Determinations.*

1. Under the *Superannuation Guarantee (Administration) Act 1992* (SGAA)<sup>1</sup> the Commissioner can take into account superannuation contributions made up to 12 months in advance.
2. When an employer has made a payment by way of superannuation, it can be divided into separate contributions for:
  - any quarter which ended within the previous 28 days (subsection 23(6));
  - the current quarter; or
  - any later quarter(s) which start within 12 months of the day on which the payment was made (subsection 23(7)).
3. Once a contribution is applied to one quarter, it cannot be counted toward any other quarter (subsection 23(8)).
4. Unless an employer specifies how to allocate a payment in accordance with the options listed at paragraph 2, the Commissioner will assume that it is a contribution for the previous quarter to the extent necessary to satisfy the minimum superannuation guarantee percentage for that quarter (so long as it was made within 28 days of the end of that quarter). The remainder of the payment would be allocated as a contribution to the current quarter to the extent necessary. Any amount still remaining would be allocated to the next quarter; and so on. If the payment is made later than 28 days after the end of the quarter, then the payment will be allocated to the current quarter or any later quarter(s) which start within 12 months of the day on which the payment was made.
5. For superannuation guarantee purposes, it is not relevant how an award, certified agreement, Australian workplace agreement, or trust deed allocates the payment. Quarterly superannuation guarantee takes effect from 1 July 2003. This means that superannuation

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<sup>1</sup> All legislative references in this Determination are to the SGAA unless indicated otherwise.

**SGD 2003/6**

contributions must be paid at least quarterly or an employer will be liable for the superannuation guarantee charge.

6. The dates for quarterly superannuation guarantee are as follows:<sup>2</sup>

Superannuation guarantee quarter	Cut off date for superannuation guarantee contributions	Due date for lodgement of a superannuation guarantee statement and payment of the superannuation guarantee charge if contributions are not made by the cut off date <sup>3</sup>
1 July to 30 September	28 October	14 November
1 October to 31 December	28 January	14 February
1 January to 31 March	28 April	14 May
1 April to 30 June	28 July	14 August

**Example 1**

7. On 1 July 2003, Brad made a contribution of \$10,000 to cover the whole 2003-2004 year. The Commissioner would allocate Brad's advance payment like this:

<b>Contribution Period</b>	<b>Minimum SG amount</b>	<b>Amount allocated</b>	<b>Balance of advance payment</b>
<i>Quarter 1 – 1 July 2003 to 30 September 2003</i>	\$4,000	\$4,000	\$6,000
<i>Quarter 2 – 1 October 2003 to 31 December 2003</i>	\$3,000	\$3,000	\$3,000
<i>Quarter 3 – 1 January 2004 to 31 March 2004</i>	\$2,000	\$2,000	\$1,000
<i>Quarter 4 – 1 April 2004 to 30 June 2004</i>	\$3,000	\$1,000	Nil

8. A shortfall of \$2,000 will apply for the final quarter. If he makes no further contributions, Brad would have to pay the superannuation guarantee charge for that quarter.

**Example 2**

9. Towards the end of the 2003-2004 financial year, Hillary is informed by the trustee of her employee's superannuation fund that she had made insufficient contributions during the preceding quarters of the financial year, to a total of \$5,000. On 4 July 2004, Hillary makes a payment to the fund in an attempt to cover the arrears for the 2003-2004 year. If

<sup>2</sup> Subsection 23(6), section 33 and section 46.

<sup>3</sup> The Commissioner can extend the due date for lodgement of the superannuation guarantee statement, in which case the superannuation guarantee charge is due and payable the same day the superannuation guarantee statement is lodged (subsection 33(1A)).

*insufficient contributions have been made during the first three quarters of the financial year, none of this payment will be allocated to those periods. For superannuation guarantee purposes, the Commissioner would allocate part of the payment to the final quarter in the 2003-2004 year, and the remainder as an advance payment for the first and subsequent quarters in the 2004-2005 year as follows:*

<b><i>Contribution Period</i></b>	<b><i>Minimum SG Amount</i></b>	<b><i>Amount Allocated</i></b>	<b><i>Balance of advance payment</i></b>
<i>1 April 2004 to 30 June 2004</i>	<i>\$800</i>	<i>\$800</i>	<i>\$4,200</i>
<i>1 July 2004 to 30 September 2004</i>	<i>\$800</i>	<i>\$800</i>	<i>\$3,400</i>
<i>1 October 2004 to 31 December 2004</i>	<i>\$800</i>	<i>\$800</i>	<i>\$2,600</i>
<i>1 January 2005 to 31 March 2005</i>	<i>\$800</i>	<i>\$800</i>	<i>\$1,800</i>
<i>1 April 2005 to 30 June 2005</i>	<i>\$800</i>	<i>\$800</i>	<i>\$1,000</i>
<i>1 July 2005 to 30 September 2005</i>	<i>\$800</i>	<i>\$1,000</i>	<i>Nil</i>

10. *None of the payment would be allocated to any outstanding amount in a period which finished more than 28 days prior to the payment. The superannuation guarantee charge would be incurred for any earlier quarters during which insufficient superannuation contributions had been made.*

### **Date of Effect**

11. This Determination applies from 1 October 2003. It replaces SGD 94/2 which issued on 10 February 1994. However, this Determination does not apply to taxpayers to the extent that it conflicts with the terms of settlement of a dispute agreed to before the date of issue of the Determination.

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### **Commissioner of Taxation**

1 October 2003

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#### *Related Rulings/Determinations:*

SGD 94/2

#### *Subject references:*

- advance payments
- contributions periods

#### *Legislative references:*

- SGAA 1992 23(6)
- SGAA 1992 23(7)
- SGAA 1992 23(8)

# SGD 2003/6

- SGAA 1992 33
  - SGAA 1992 33(1A)
  - SGAA 1992 46
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## ATO references

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