SGD 94/2 - How is an advance payment allocated to each of the contribution periods?

SG Determination **SGD 94/2**

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

Superannuation Guarantee Determination

How is an advance payment allocated to each of the contribution periods?

1. The superannuation guarantee legislation 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 contribution period which ended within the previous 28 days (paragraph 23(7)(b)); or
- the current contribution period; or
- any later period(s) which starts within 12 months of the day on which the payment was made (paragraph 23(7)(a)), except payments made before 1 July 1992 which cannot be counted for any later contribution period (subsection 23(6)).

3. Once a contribution is applied to one period, it cannot be counted toward any other period (subsection 23(8)). There are special rules for the 1992-93 year (see subsection 23(6)).

4. Unless an employer specifies how to allocate a payment, the Commissioner will assume that it is a contribution for the previous contribution period to the extent necessary to satisfy the minimum superannuation guarantee percentage for that period (so long as it was made within 28 days of the end of that period). The remainder of the payment would be allocated as a contribution to the current period to the extent necessary. Any amount still remaining would be allocated to the next period; and so on. Any remaining payment would be allocated to the last contribution period which starts within the 12 months.

5. For superannuation guarantee purposes, it is not relevant how an award, agreement, or trust deed allocates the payment.

Examples

1. On 20 August 1995, Brad made a contribution of $1 000 to cover the whole 1995-96 year. The Commissioner would allocate his advance payment like this:

Contribution Period	*Minimum SG Amount*	*Amount Allocated*	*Balance of advance payment*
Quarter 1	*$400*	*$400*	*$600*
Quarter 2	*$300*	*$300*	*$300*
Quarter 3	*$200*	*$200*	*$100*
Quarter 4	*$300*	*$100*	*Nil*

A shortfall of $200 will apply for the final quarter. If he makes no further contributions, Brad would have to pay the superannuation guarantee charge.

2. Hillary was advised by the trustees of her employees' fund that she was behind in her contributions, and would have to pay $5 000 to satisfy her contribution obligations. On 4 July 1995, Hillary made a $5 000 payment to the fund to cover the arrears for the 1994-95 year. For superannuation guarantee purposes, the Commissioner would allocate part of the payment to the final quarter in the 1994-95 year, and the remainder as an advance payment for the 1995-96 and 1996-97 years, as follows:

Contribution Period	*Minimum SG Amount*	*Amount Allocated*	*Balance of advance payment*
April - June 1995	*$800*	*$800*	*$4 200*
July - Sept 1995	*$800*	*$800*	*$3 400*
Oct - Dec 1995	*$800*	*$800*	*$2 600*
Jan - Mar 1996	*$800*	*$800*	*$1 800*
April - June 1996	*$800*	*$800*	*$1 000*
July - Aug 1996	*$800*	*$1 000*	*Nil*

Commissioner of Taxation
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