



TapIn Flash

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Superannuation clearing house service

The government has introduced amending legislation to provide for a superannuation clearing house service for small business. The clearing house service will be available to businesses with less than 20 employees from July 2010.

The key features of the amendments are:

- An employer will be able to reduce its SG liability by making payments to an approved clearing house.
- A contribution to a fund by an employer for the benefit of an employee will be considered as having been made in compliance with the choice of fund requirements if:
 - the contribution is made through an approved clearing house;
 - the employee has given the employer written notice choosing a fund; and
 - the employer passed the information contained on the written notice to the approved clearing house within 21 days of receiving it from the employee.
- An employer will be able to discharge its obligation of prompt remittance of any after-tax member contributions deducted from an employee's salary or wages by paying them to an approved clearing house within 28 days of the end of the month in which the deduction is made.
- The secrecy provisions are extended to allow the Australian Taxation Office to disclose information to an approved clearing house for the purpose of performing its functions.

An important benefit of this new clearing house service is that the employer's SG liability is discharged once the payment is made to and accepted by the approved clearing house. Currently, employers who pay contributions through a superannuation clearing house are only considered to have met their SG obligations when they are paid into a complying superannuation fund or retirement savings account (RSA), not when they were paid to the superannuation clearing house.

Also, to ensure that a payment to an approved clearing house is not counted twice for SG or choice of fund purposes, the contribution made by the approved clearing house to a complying superannuation fund or RSA is disregarded.

The amendment does not provide a definition of what an "approved clearing house" is. However, the accompanying press release states

"Following the passage of the Bill, a regulation will be made specifying Medicare Australia as the approved clearing house for the purposes of the legislation."

Whether any other organisation can apply to become an approved clearing house is not known.

TapIn will keep you updated as further developments come to hand.

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