

Changes to Superannuation

Reportable employer superannuation contributions (RESC)

Salary sacrifice superannuation contributions must be recorded and reported by employers on employees' annual payment summaries from 1 July 2009. This new requirement is part of a raft of changes first announced in the 2008-2009 Federal Budget which re-define the term 'income' as used when determining a person's eligibility for Government benefits and tax offsets, or their liability for various tax levies. This reporting change will give the ATO sufficient information to determine whether an individual is entitled to any benefits under the superannuation co-contributions scheme and any means tested Government benefits.

The superannuation related contributions that are required to be recorded and reported by employers will be known as 'Reportable Employer Superannuation Contributions' (RESC). These are defined as super contributions made by an employer on behalf of an employee where the employee has, had or might reasonably be expected to have:

- The 'capacity to influence' the size of the amount contributed; or
- The ability to direct their employer to reduce their assessable income (i.e. via a salary sacrifice arrangement).

As a general rule, contributions that an employee does not have the 'capacity to influence' are mandated contributions such as Superannuation Guarantee contributions or employer contributions required under an industrial award. These amounts will not be counted as RESCs.

The ATO is in the process of contacting employers to provide further guidance.

We understand the requirement to report RESC on annual payment summaries may require changes to your payroll systems or processes. As such, we recommend you contact the Australian Tax Office if you need more information.

Changes to Temporary Residents departing Australia payments

The ATO has advised that effective 1 April 2009 departing temporary resident have 6 months to redeem their superannuation accounts. After that the balances will be transferred to non-interest bearing ATO accounts. These accounts can be claimed at any time in the future and the appropriate tax paid at that time. If the funds remain, and these persons subsequently return to Australia as permanent residents, then the ATO will pay the funds plus interest (calculated at the 10 year treasury bond yield rate) into complying superannuation plans.

The tax rates that apply to the benefit have also changed and are effective irrespective of age. These are shown in the table below.

Component	Tax rate to 31 March 2009	Tax rate from 1 April 2009
Tax Free	Tax-free	Tax-free
Taxable (taxed)	30%	35%
Taxable (untaxed)	40%	45%