

When NOT to Pay Quarterly Employee Superannuation

by Tara Carman



How far before the quarterly superannuation (super) due date do you make the payment to your business superannuation clearing house? Do you pay it on 28th due date, just before it or after it? If so, read on.

When we say NOT, we don't mean that you shouldn't pay the quarterly super payments. What we mean is that the due date is NOT the pay date.

Without even realising it, many small business employers making the very costly error of paying employee super late. Although the due dates are 28 days from the end of each

quarter (28th January for the December quarter, for example), what many don't know is that **the payment must reach the fund by the due date**. Some funds also require employers to pay monthly instead of quarterly.

Save yourself money, time and stress by making your quarterly super payments on 15th of January, April, July & October.

Before explaining further about when exactly you should pay, it's important to go through a quick super history lesson.

THE HISTORY OF SUPERSTREAM

SuperStream came into effect for small businesses in 2015 with the aim of making super payments easier and more efficient and to encourage businesses to be more responsible with their payments. Before SuperStream, most small employers had the arduous task of paying the quarterly super for each employee one at a time across numerous super funds.

SuperStream is now compulsory for all employers and allows the amounts to be transmitted electronically in just one payment.

In order to be SuperStream compliant, employers must choose a Superannuation Clearing House. A clearing house is a one stop shop that allows employers to make super payments to multiple funds in a single transaction. There are many clearing houses available through their accounting software or the free Small Business Superannuation Clearing House (SBSCH). All of Maple's clients use [Xero](#) Cloud Accounting and Xero's Auto Super function. They all agree that using Xero to pay employee super each quarter is easy, fast and accurate. [Here](#) is a short video about paying super using Xero .

The [SBSCH](#) is simple to use and available at no charge to small businesses with 19 or fewer employees or an annual turnover of less than \$10 million. Although the SBSCH is slightly more time consuming than cloud accounting clearing houses, the time difference is marginal. However, the SBSCH is much more susceptible to human data entry errors. It's important to take care when entering the dollar amounts.

WHY PAY 15 DAYS AFTER THE QUARTER?

Now to the part about why Maple recommends paying **15 days after the end of the quarter**. That's almost two weeks before the due date. Factors such as the type of clearing house and public holidays can delay the transfer of money from your account to employee super fund accounts. For example, Xero says that "it can take up to five business days for your payment batch to reach your employees' super fund." Xero says "to allow for processing time, we suggest submitting your contribution batches up to two weeks before the due date." For more information, see Xero's [instructions](#) on processing super payments.

The ATO's [SBSCH](#) page states that "If you are using a clearing house, payments made to the clearing house that are not processed, or do not reach the super fund until after the payment due date are considered late payments." Although this suggests that those who use the SBSCH will be able to safely make their payments much closer to the 28th due date, there are three reasons why it's better to be safe than sorry.

1. Employers are not permitted to claim a tax deduction for super payments that do not reach the super fund by the due date. Depending on the total amount of late super payments, this can have quite a significant affect on your tax bill. See [this](#) ATO webpage for more information.
2. Each time you pay employee super late, you are required to lodge a super guarantee statement to the ATO. Trust us that your time and money is much better spent. Once the statement is lodged, the **ATO will charge interest** on the late payment and may charge a **penalty up to double the amount of the late paid super**.
3. It's common for super payments bounce back. There are various reasons for this, but some examples are an employee giving you the incorrect details or them changing funds without letting you know. Super funds merging with other funds is also common. If the bounce back happens close to the due date, the payment almost certainly won't make it to the fund on time. If you pay by 15th then it will give you time to deal with the bounce and make the payment again.

You probably already know that the ATO grant small businesses an extension on their December quarter Business Activity Statement (BAS). Instead of having to lodge and pay by 28th January, most small business are not required to lodge and pay until 28th February. Unfortunately, some business owners pay December quarter super late because they assume that the BAS extension also applies to super. December quarter super payments are definitely due to reach employee funds by 28th January. This applies whether you're on holiday or not.

To top all of this head spinning information off, the ATO announced in 2023 that they are working towards a requirement for superannuation to be paid each time employees are paid. Although it sounds like a lot of work, technology like Xero Auto Super will make it a breeze.

We hope that you've found this information useful. Why not add a recurring reminder to your calendar for 15th October, 15th January, 15th April and 15th July?

Did you find this article helpful? Do you have anything to add? Is there a particular topic that you would like Maple to write a future article about?

If yes, please contact us on 0404 715 312 or tara@maplebooks.com.au.

Do you know another small business owner who would benefit from this article? Please forward it on.