

## **New Employer obligations relating to the provision of Tax File Numbers to Superannuation funds**

New superannuation legislation commenced from the 1<sup>st</sup> of July, 2007 as a result of the governments 'Simplified Superannuation' initiatives. The new legislation changes the rules relating to employers passing on their employees Tax File Number (TFN) to their superannuation fund.

### **PRIOR TO 1 JULY 2007**

Prior to the new legislation becoming effective, an employer was able to provide an employee's TFN to a superannuation fund only if the employee had authorised the employer to do so.

Contributions were not taxed any differently when a super fund did not have a members TFN recorded.

### **HOW WILL SUPER FUND MEMBERS BE AFFECTED AFTER 1 JULY 2007 ?**

Superannuation account holders who have not provided a TFN to the super fund as at the 30<sup>th</sup> of June each year will be taxed at the highest marginal tax rate, plus medicare levy.

If a super fund does not have a member's TFN, they will not be able to accept after-tax member contributions.

Individuals who are seeking to withdraw superannuation benefits without providing a TFN should seek professional advice.

An employee is not obliged to provide their TFN to you.

Employers are encouraged to inform employees of the consequences of not providing their TFN.

Existing employees whose super fund did not hold their TFN will have been contacted by the ATO previously and encouraged to provide this to their super fund prior to the changes.

### **WHAT ARE THE NEW OBLIGATIONS FOR EMPLOYERS ?**

From 1 July, 2007 where an employee chooses to quote a TFN for employment purposes it is automatically taken to be quoted for superannuation purposes and you are obliged to accept the TFN and pass it on to their super fund. Generally, this should be provided when you pay the first contribution for them.

A new or existing employee triggers this process by providing you with their TFN declaration form.

The use of an external payroll provider and/or superannuation clearing facility does not alter an employers obligations. Check whether your service provider can and will pass on this information on your behalf.

Similarly, these obligations still apply when employees have nominated their own superannuation fund and are not in your default employer fund.

You should have arrangements in place to ensure you meet your obligations under these scenarios.

Privacy regulations regarding the handling of TFN's must be adhered to at all times and penalties apply for non-compliance with the new regulations.

**Please contact the client support team at Certainty Financial on (03) 9890 0222 if you have any questions.**

Sources :  
[www.ato.gov.au](http://www.ato.gov.au)  
[www.simplersuper.treasury.gov.au](http://www.simplersuper.treasury.gov.au)