The Mischel & Co. Group
Accountants & Advisors

We enclose a Superannuation Summary for the year ending 30 June 2018
for the exclusive use of clients of
The Mischel & Co Group of Companies.

Dear Client,

Superannuation Considerations.

Superannuation is one of the very few legitimate tax concessions still available to taxpayers.
Taxpayers should look at the tax benefits of superannuation, be it as an employee where salary sacrifices may be made from your salary & wages to an external industry superfund or alternatively to Self-Managed Superannuation Fund (SMSF).

In reviewing your tax affairs you should consider the benefits of establishing a SMSF and managing the accumulated benefits that you have currently accumulated or will accumulate over time.

With the advent of being allowed to purchase real estate through a superfund or associated security trust and acquire it either with a mortgage or without debt, superannuation funds are becoming a common tool in managing your investment towards retirement. They provide significant long term tax advantages.

For the current year ending 30 June 2018 which is quickly approaching:

The planning for Income Tax is important, making use of your Self-Managed Superannuation Fund and claiming the maximum deduction possible prior to the 30th June 2018 is vital.

A contribution should be made for you and your employee spouse into your Superannuation Fund prior to the end of the financial year.

Those clients that have Self-Managed Superannuation Funds ensure that you have contributed to your superannuation fund the amount up to the maximum as detailed below. Please note that the maximum contribution calculation must include the Superannuation Guarantee Contribution (SGC) of 9.5% that may have been already paid for you on your personal salary and wages.

You are not compelled to make these contributions to the maximum amount, however you must remember that your superannuation fund will only pay tax at the rate of 15% whilst your business will pay company tax at the rate of 27.50% (Entities with aggregated annual turnover of less than $25 million) or 30.00% (rest of the entities). The savings are significant and you should attempt to make contributions if at all possible.

It is also **vital** that any contributions must be received by the fund on or before **Friday 29th June 2018** (according to Taxation Ruling TR 2010/1). This effectively means that the last day to pay contributions using the funds transfer is **Wednesday, the 27th of June 2018.** If paying by cheque, allow several business days for the cheque to clear and it is strongly recommended that cheques are deposited into the super fund's bank account no later than **Friday, 22nd of June 2018**.

The maximum tax-deductible contribution to a superannuation fund including the 9.5%

Superannuation Guarantee Charge (SGC) is:

Income year	Maximum Contribution
2017/2018	$25,000

Further consideration should be given to the type of superannuation fund you have and your age, accumulated benefit funds may need to be amended to take into consideration a Full Account Based Pension or even altering the type of fund to a Pension Fund.

When to pay super

Super guarantee (SG) payments must be made to complying funds or retirement savings accounts (RSAs) by the quarterly due dates, which are 28 days after the end of each quarter. Some super funds require employers to make contributions monthly. When you register with a fund with this requirement, you are agreeing to make monthly contributions to that fund.

You need to pay and report super electronically to ensure it meets Super Stream requirements. You pay super for eligible employees calculated from the day they start with you. You must make the payments at least four times a year, by the quarterly due dates.

Quarterly payment due dates for super payments are as follows:

Quarter	Period	Payment due date
1	1 July – 30 September	28 October
2	1 October – 31 December	28 January
3	1 January – 31 March	28 April
4	1 April – 30 June	28 July

When a due date falls on a weekend or public holiday, you can make the payment on the next working day.

You can make payments more regularly than quarterly if you want to (for example, fortnightly or monthly) as long as your total SG obligation for the quarter is paid by the due date. If you haven't paid the minimum amount on time and to the correct fund, you may have to lodge a Superannuation guarantee charge statement and pay the superannuation guarantee charge (SGC)

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Clearing houses

A clearing house distributes super contributions to your employees' funds on your behalf. If you use a clearing house, the employee's super contribution is counted as being paid on the date the super fund receives it, not the date the clearing house receives it from you.

The exception is **the free Small Business Superannuation Clearing House service**.

Check with your clearing house to make sure you allow enough time for your payments to be processed before the quarterly due dates.

The Super Guarantee Charge (SGC)

If you don't pay the minimum amount of super guarantee (SG) for your employee into the correct fund by the due date – you may have to pay the super guarantee charge (SGC).

The charge is made up of:

- SG shortfall amounts (including any 'choice liability') calculated on your employee's salary or wages
- interest on those amounts (currently 10%)
- an administration fee ($20 per employee, per quarter).

You report and rectify the missed payment by lodging an SGC statement by the due date and paying the SGC to the Tax Office.

You may be able to use a late payment to reduce the amount of SGC you must pay. You must still lodge an SGC statement and pay the balance of the SGC to the Tax Office.

Conclusion

If you have any questions in relation to the above or if there are personal funds that you would like to move into superannuation and achieve a 15% tax rate on the earnings from these funds, please contact us to discuss the possibilities further.

The content of this information memorandum does not reflect all the superannuation legislation and announcements but simply highlights those points which we believe are most likely to affects our clients.

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