

# Are you and your business clients SuperStream compliant?



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## What is SuperStream?

The SuperStream Data and Payment Standard introduced a streamlined method of sending payments and associated information electronically within the superannuation system.

SuperStream standardises the way employers pay super contributions so that information can be transmitted consistently across the super system – between employers, super funds, service providers and the Australian Taxation Office (ATO). It allows employers to make all their super contributions in a single transaction, even if the contributions are going to multiple super funds. SuperStream must be used to pay any Superannuation Guarantee contributions, salary sacrifice and personal contributions made by employers on behalf of their employees nominated super funds.

All employers should have been using SuperStream since 30 June 2016.

## Are there any exemptions?

SuperStream is not compulsory for:

- **Related party employer contributions to a self-managed super fund (SMSF)** – For example, if your client is an employee of their family business and the business is paying super guarantee contributions into the client's SMSF.
- **Self-employed or sole trader of an unincorporated business** – If a business owner is a sole trader or partner in a partnership and they are contributing money from their own pocket into their super fund (whether that be an SMSF or public offer super fund). Note that Superannuation Guarantee (SG) contributions made on behalf of employees must be made using SuperStream.

- **Personal contributions** – Individuals who make voluntary contributions from their own after-tax money (regardless of whether they are intending to claim a tax deduction).
- **Rollovers to or from an SMSF** – Currently any rollovers between SMSFs and APRA funds are not required to be processed using SuperStream. Only rollovers between two APRA funds must be transferred electronically using SuperStream.
- **Insurance contributions made by an employer that are outside of their normal payroll processing** – Contributions paid by employers on behalf of their employees that are made as part of the employer's normal payroll/contribution cycle, must be SuperStream compliant. However, if an employee and employer enter into an agreement for a once off or annual lump sum payment outside of normal payroll processing then the SuperStream requirements do not apply. These payments are likely to be employer contributions (i.e. as part of a salary sacrifice agreement) and will require the employer to still provide information about the contribution to the recipient fund. For example, where an amount is being contributed to the AIA Insurance Super Scheme No2, we still require the information that would normally be provided through SuperStream such as the type of contribution (i.e. SG, salary sacrifice, etc.), the period the payment relates to and the member's name and policy information.

The ATO provides some useful information and examples specifically relating to insurance contributions<sup>1</sup> on their website.

<sup>i</sup> Draft regulations to extend the SuperStream arrangements to cover rollovers between SMSFs and APRA funds have been deferred from 30 November 2019 to 31 March 2021. Regulations to give effect to the deferral will be made as soon as practicable. Further information can be found: <http://eih.ministers.treasury.gov.au/media-release/002-2019/>

<sup>1</sup> <https://www.ato.gov.au/super/superstream/apra-regulated-funds/insurance-contributions>

## Frequently Asked Questions

### 1 My client's employer uses EFT/BPAY to pay super contributions in their normal payroll cycle (which are funding my client's insurance premiums) – are they SuperStream compliant?

Possibly not. Even though super contributions are being paid electronically, the employer must also electronically send the fund the required accompanying contribution information under SuperStream to be compliant.

### 2 My client has Priority Protection Superannuation Life Cover within the AIA Insurance Super Scheme No2 and intends to pay via enduring rollover. Can the super fund use BPAY when utilising the enduring rollover facility?

No, BPAY is not an acceptable payment method when Priority Protection Superannuation Life Cover is being funded via an enduring rollover facility.

If a policy is to receive the 15% upfront premium rebate, the premiums must be funded by way of a rollover from another super fund into the client's AIA Insurance Super Scheme No2 account. The payment options available to a transferring super fund when rolling over amounts to pay for Priority Protection premiums for a member of the AIA Insurance Super Scheme No2 account are:

- **For SuperStream compliant super funds** – electronic rollover benefit statement (RBS) and EFT payment into the AIA Insurance Super Scheme No2 Trust account.
- **For non-SuperStream compliant funds** – a manual (paper) RBS, coupled with payment by cheque or EFT directly into the AIA Insurance Super Scheme No2 Trust account.

Note that a rollover from a client's SMSF into his/her AIA Insurance Super Scheme No2 account may be done using a manual (paper) RBS coupled with payment by cheque or EFT into the AIA Insurance Super Scheme No2.

### 3 Does my client's employer have to use a clearing house?

Not necessarily. A clearing house is just one of the options available to an employer to meet their SuperStream obligations. Other options include paying super via payroll

software that caters for SuperStream, a messaging portal or via another service provider, such as an accountant with access to a SuperStream electronic reporting product.

The employer may also continue to contribute directly to each fund but must submit both the payment and member information electronically via SuperStream if required. They should check that all the required information is being provided to the fund.

The SuperStream Certified Product Register<sup>2</sup> lists other providers that employers can consider when choosing their SuperStream solution.

### 4 My client has reached an agreement and their insurance premiums will be paid by employer contributions. Should my client give their employer an updated choice of fund nomination form?

Generally, no. A choice of fund nomination form tells an employer where to pay an employee's superannuation contributions, including SG. Employers are also required to submit these contributions at a minimum quarterly, but may elect to process these payments monthly, fortnightly or even weekly.

Insurance premiums are not generally equal to an employee's SG entitlement and when insurance is held in a risk-only super fund, only the amount that is the premium due can be accepted. Issues that may occur include:

- The contribution is less than the premium due which may cause the policy to lapse.
- The contribution is more than the premium due however a risk-only fund may not be able to accept only part of the contribution and it is rejected.
- No premiums are due when the contribution is received and the payment must be rejected.
- Your client misses out on investment earnings while the contribution is held outside of their accumulation account.
- The employer may also be subject to the Superannuation Guarantee Charge (SGC) if they are late or miss a payment.

<sup>2</sup> <https://softwaredevelopers.ato.gov.au/SuperStream-certifiedproductregister>

## 5 How can my client correct a contribution that has been incorrectly classified?

Generally, contributions that have been incorrectly classified are identified after a super fund completes their annual Member Contribution Statements (MCS). If the SuperStream standard applies, the employer needs to ensure that all future contributions are submitted correctly by a SuperStream compliant method. For any contribution that requires reclassification, the employer must provide all contribution information that would normally have been submitted via SuperStream which includes:

- member information held with the fund,
- the dates and amount of each payment,
- how the payment was made (evidence such as a transaction statement may be required),
- the contribution period the payment relates to, and
- the type of contribution.

### Where to get more information

The ATO has a useful Employer checklist: a step-by-step guide<sup>3</sup> and more Employer SuperStream FAQs<sup>4</sup> available on their website.

<sup>3</sup> <https://www.ato.gov.au/Super/Superstream/Employers/Employer-checklist--a-step-by-step-guide/>

<sup>4</sup> <https://www.ato.gov.au/Super/Superstream/Employers/Employer-checklist--a-step-by-step-guide/>