

AUSTRALIA WEIGHS SALARY-SACRIFICE CHANGE TO SUPERANNUATION GUARANTEE

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12 Aug 2019*

An Australian employer could not use an employee's salary-sacrifice contributions to reduce its minimum superannuation guarantee (SG) contributions, under Schedule 7 of the [Treasury Laws Amendment \(2019 Tax Integrity and Other Measures No. 1\) Bill 2019](#). The bill replaces [earlier proposals](#) that lapsed because of the May 2019 federal elections and, if approved, would take effect on 1 Jul 2020.

The changes wouldn't technically apply to defined benefit (DB) funds, but the SG regulations could be amended to include DB funds. However, the bill's explanatory memorandum doesn't mention this action.

HIGHLIGHTS OF THE BILL

The proposed salary-sacrifice changes would:

- Prevent an employer from using contributions made under salary-sacrifice arrangements to fulfil its SG obligations.
- Include salary or wages sacrificed to superannuation in the earnings base used to calculate the employer's SG obligations.

In addition, Schedule 2 of the bill would amend the tax law to prevent a small business from using its capital gains tax (CGT) concessions when a partner assigns income and other rights or interests in the income or the partnership's capital (other than a membership interest in the partnership). These amendments would apply to CGT events occurring after 7.30 pm legal time in the Australian Capital Territory on 8 May 2018.

RELATED RESOURCES

- [Treasury Laws Amendment \(2019 Tax Integrity and Other Measures No. 1\) Bill 2019](#) (Australian Parliament, 24 Jul 2019)
- [Treasury Laws Amendment \(Improving Accountability and Member Outcomes in Superannuation Measures No. 2\) Bill 2017](#) (Australian Parliament, 14 Sep 2017)

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