



e-News

Wednesday, 12th May 2021

Super guarantee rate increase to 10%



The government legislated for an increase to the super guarantee rate from 9.5% to 10% last year. We haven't advertised this very much because the increase was to be finalised in the budget which was handed down last night. It has now been formally finalised and will go ahead on 1 July 2021.

This means that you need to be prepared for an increase to your payroll budget of 0.5% per employees' gross wages. To add salt to the wound, the rate will increase each year by 0.5% until it reaches 12% by the 2026 FY. See the table below from the ATO.

Period	General super guarantee (%)	Super guarantee (%) for Norfolk Island (transitional rate)
		(from 1 July 2016)
1 July 2002 – 30 June 2013	9	0
1 July 2013 – 30 June 2014	9.25	0
1 July 2014 – 30 June 2015	9.5	0
1 July 2015 – 30 June 2016	9.5	0
1 July 2016 – 30 June 2017	9.5	1
1 July 2017 – 30 June 2018	9.5	2
1 July 2018 – 30 June 2019	9.5	3
1 July 2019 – 30 June 2020	9.5	4
1 July 2020 – 30 June 2021	9.5	5
1 July 2021 – 30 June 2022	10	6
1 July 2022 – 30 June 2023	10.5	7
1 July 2023 – 30 June 2024	11	8
1 July 2024 – 30 June 2025	11.5	9
1 July 2025 – 30 June 2026	12	10
1 July 2026 – 30 June 2027	12	11
1 July 2027 – 30 June 2028 and onwards	12	12

While this is great news for employees, it certainly adds to the financial pressures felt by small business owners. I hear you! It will now cost you more to employ people.

If you use an accounting software package, you won't need to make any adjustments to see the increase in your payroll - the developers will do that for you. If you process payroll manually, however, you will need to remember to change from 9.5 % to 10%.

One last thought before I head off for the evening - if your employees are on a fixed salary inclusive of super, then the super rate increase will effectively decrease their take-home pay. If this affects you, you should sit down with these employees and discuss the impact of the rate increase before 1 July 2021 and make any adjustments required.



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