



Employer quickguide

Tax File Numbers

Background

The Government's 'Better Super' rules came into effect from 1 July 2007. Under these rules, if a member of the PSSap, PSS or CSS does not provide their Tax File Number (TFN) to Commonwealth Superannuation Corporation (CSC), then CSC cannot accept any member contributions until such time as the TFN is provided. Also, any employer contributions paid to the PSSap, and productivity amounts in the PSS and CSS, will be subject to taxation at the top marginal tax rate.

Please note that the legislation does not make it mandatory for a member to provide their TFN but there are significant implications if a valid TFN is not provided.

Further information on the changes and the *Tax Laws Amendment (Simplified Superannuation) Act 2007* can be obtained from the Department of Treasury website treasury.gov.au. You can also source information from our member websites under Forms and fact sheets.

Impact

For PSSap members

Member contributions cannot be accepted where a TFN is not provided. Employer contributions, including salary sacrifice amounts, will be taxed at the top marginal tax rate.

For PSS members

Member contributions cannot be accepted where a TFN is not provided and employer productivity contributions will be taxed at the top marginal tax rate.

For any period after 1 July 2007 where a TFN has not been provided the member will not accrue any benefit multiple which may directly affect any prospective benefits payable under the PSS.



For CSS members

Member contributions cannot be accepted where a TFN is not provided and employer productivity contributions will be taxed at the top marginal tax rate.

For any period after 1 July 2007 where a TFN has not been provided the member will not accrue contributory service, however the growth of a 54/11 benefit will be affected. Any additional contributions paid on receipt of the TFN will be counted as supplementary contributions not basic contributions.

Note: We are required to validate a member's TFN with the ATO's records to confirm the TFN provided is theirs and correct. The members TFN will be validated before their benefit can be rolled over to another fund or paid using the SuperTICK validation service. If a member does not provide their TFN, the processing of their benefit payment may be delayed.

What should employers do?

Employers should explain the consequences (as above) of not providing the TFN to us and suggest that it is in the employee's best interest to provide it.

Employers should ensure that TFNs that are provided by members are included in their regular data submissions through Employer Services Online (ESO). This is the responsibility of the person who regularly submits data to us.

If a valid TFN is not provided for a member, ESO will generate an error message where member contributions are being remitted. Employers will either have to provide a valid TFN at that point or remove any member contributions for that member and ensure those contributions are not remitted.

Please note that if you zero the member contributions from the member contributions field in the ESO contribution grid this will resolve the error however this could result in a reconciliation issue for your agency if the contribution has been paid to the fund's bank account.

It is recommended that employers check for these types of errors before they run their final pay.

ESO will check the validity of the tax file numbers by using the ATO's TFN validation service (SuperTICK) and reject any TFNs which do not pass that test.

Employers experiencing issues should contact Employer Services on **1300 338 240** for assistance.



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