

7 August 2020

Mr Neville Power
Chairman, National COVID-19 Commission Advisory Board
Department of Prime Minister and Cabinet
PO Box 6500
Canberra ACT 2600

Sent via email to NCCEnquiries@pmc.gov.au

Dear Neville,

Re: Superannuation Guarantee (SG) Amnesty Extension

Chartered Accountants ANZ and CPA Australia represent over 200,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

In early March the Australian Parliament passed laws giving eligible employers access to an amnesty to clear up any non-compliance with the SG laws. This is the first time employers have been offered such a law which will cease on 7 September 2020.

We welcomed the passage of this legislation because the compulsory employer superannuation contribution laws are complex and inadvertent non-compliance is surprisingly easy. We see the amnesty as an important mechanism for employers to fix up any unintentional mistakes for any quarter between July 1992 and March 2018.

You will note that the SG amnesty runs for 6 months only, and became law just before the Federal, State and Territory Governments began locking down their economies because of COVID-19

The amnesty offers employers SG non-compliance penalty concessions as well as the ability to avoid increased non-deductible penalties after 7 September. Those who pay amnesty amounts to the Tax Office before 8 September 2020 are eligible for a tax deduction.

Checking compliance with any of the 107 quarters involved in the amnesty period is extremely complex – ensuring the correct remuneration has been used for each quarter and the correct contribution has been made by the due date is highly detailed painstaking work especially as this reconciliation work has to be combined with checking compliance with employment and industrial agreements. It also involves gaining access to archived payroll and other information in a timely and readable fashion. An added complexity is the fact that the SG laws have been regularly amended over the last 28 years. Much of this work must be overseen and verified by a specialised workforce.

Despite these difficulties, it is our view that in a normally functioning economy the tight timeframe to access this type of amnesty would have been appropriate.

However, as you are aware our Covid-19 hit economy sees many employers struggling daily, if not hourly, to survive.

Our members in public practice have told us that many employers that might typically want to access the amnesty and make catch up SG payments to the ATO before 8 September have had insufficient financial and mental resources to consider this issue. Many have also lacked cashflow and are concerned about their future ability to satisfy amnesty payment arrangements they have agreed with the ATO.

Larger enterprises are struggling to divert sufficient resources to deal with the amnesty because of year-end work that must be completed. Some organisations are attempting to remediate backpay and have had to cease or slow that process while they try to access the SG amnesty before 8 September.

As you are aware, from midnight on 6 August Victorian based employers that have been forced to close offices cannot access paper-based archived payroll data held at their place of business or storage facilities due to that state's Stage 4 Restrictions.

On 27 July the Prime Minister said that the National COVID-19 Commission Advisory Board's would now focus on "creating jobs and stimulating our economy". We believe that requesting an extension to the finish date of the amnesty would help employers to move forward with a clean slate and focus on running their business and creating employment not SG compliance or backpay problems that may have occurred many years ago.

Extending the amnesty deadline beyond 7 September would require legislative amendment. We encourage you and your board to urgently request the government propose such an amendment as soon as Parliament resumes in late August.

We would be happy to discuss any aspect of this letter with you or the board's secretariat.

Yours sincerely,



Simon Grant FCA
Group Executive – Advocacy, Professional
Standing and International Development
Chartered Accountants Australia and
New Zealand



Gary Pflugrath FCPA
Executive General Manager
Policy and Advocacy
CPA Australia

Copy to:

The Hon Josh Frydenberg, Treasurer - josh.frydenberg@treasury.gov.au

The Hon Ben Morton, Assistant Minister to the Prime Minister - Ben.Morton.MP@aph.gov.au

Senator the Hon Jane Hume, Assistant Minister for Superannuation, Financial Services and Financial Technology - senator.hume@aph.gov.au

Dr Jim Chalmers, Shadow Treasurer - jim.chalmers.mp@aph.gov.au

Stephen Jones, Shadow Assistant Treasurer - stephen.jones.mp@aph.gov.au

Ms Jenny Wilkinson, Deputy Secretary, Fiscal Group, Treasury – jenny.wilkinson@treasury.gov.au

Appendix A

About CPA Australia

CPA Australia is one of the world's largest accounting and finance bodies, representing over 166,000 accounting and business professionals globally.

Our aim is to enhance our members' professional knowledge and support their career development. We do this in many ways, starting with the world-class postgraduate CPA Program, recognised internationally as a benchmark of quality and employability. Thereafter, we deliver a range of continuous learning programs, utilising our international networks to source leading-edge content and presenters.

What sets us apart from other similar bodies is our focus on strategy, leadership and international business. CPA Australia is the global professional accountancy designation for strategic business leaders. We support our members and the profession internationally by advocating for change at the highest levels and contributing to leading networks worldwide in the finance, accounting and business arenas.

A strategic priority and commitment for CPA Australia is to not only advocate on behalf of members, but also to speak up on economic and political issues in the public interest. CPA Australia's members are bound by a strict professional code of conduct, including an obligation to undertake continuous professional development to ensure that the highest professional standards are maintained.

Our commitment to excellence, integrity and innovative thinking means that CPAs will remain at the forefront of business and public service now and in generations to come.

About Chartered Accountants Australia and New Zealand

Chartered Accountants Australia and New Zealand (CA ANZ) represents a network of more than 125,000 financial professionals, supporting them to build value and make a difference to the businesses, organisations and communities in which they work and live.

Around the world, Chartered Accountants are known for their integrity, financial skills, adaptability and the rigour of their professional education and training.

CA ANZ promotes the Chartered Accountant (CA) designation and high ethical standards, delivers world-class services and life-long education to members and advocates for the public good. We protect the reputation of the designation by ensuring members continue to comply with a code of ethics, backed by a robust discipline process. We also monitor Chartered Accountants who offer services directly to the public.

Our flagship CA Program, the pathway to becoming a Chartered Accountant, combines rigorous education with practical experience. Ongoing professional development helps members shape business decisions and remain relevant in a changing world.

We actively engage with governments, regulators and standard-setters on behalf of members to advocate in the public interest. Our thought leadership promotes prosperity in Australia and New Zealand.