

Australia: API for Stapled Super Fund





In the year 2020–21, Federal Budget, the Government of Australia announced the Super Reforms – Your Future, Your Super (YFYS) measure. The measure had four key elements:

- A new YourSuper comparison tool for individuals to be able to compare key data on MySuper products
- From November 01, 2021, new employees did not choose a super fund, most employers had to check with the ATO if their employee have an existing super account, known as a 'stapled super fund', to pay the employee's super guarantee into
- A change to the duties of trustees of superannuation funds to act in the best financial interest of their members
- A new super fund underperformance assessment to be conducted by APRA and published on our website

Royal assent to this measure was received on June 22, 2021, and the measures are now law under Treasury Laws Amendment (Your Future, Your Super) Act 2021. The measures commenced on July 01, 2021, except for Schedule 1 (the single default account or 'stapled super fund' measure) which commenced on November 01, 2021.

The Schedule 1 of YFYS measure provides for the single default superannuation account or 'stapled super fund' with the purpose to limit the creation of unintended multiple superannuation accounts for employees who do not choose a superannuation fund when they start a new job.

In simple words, a stapled super fund is an existing super account linked, or 'stapled', to an individual employee so it follows them as they change jobs. This aims to reduce account fees, avoiding new super accounts being opened every time an employee starts a new job. So, if a new employee has an existing 'stapled' superannuation fund and does not choose a fund to receive contributions, their employer is required to make contributions on behalf of the employee into the stapled fund.

Impact of introduction of Stapled Super Fund

As per Schedule 1 of YFYS measure, employers must pay super contributions into one of the following:

- The super fund, the new employee chooses,
- The stapled super fund provided by the Australian Taxation Office (ATO) if the new employee hasn't chosen a fund, or
- Their default fund (or another fund that meets the choice of fund rules) if they cannot pay into the funds above

If an employee has a stapled fund, their employer is prevented from satisfying the choice of fund rules for contributions made to:

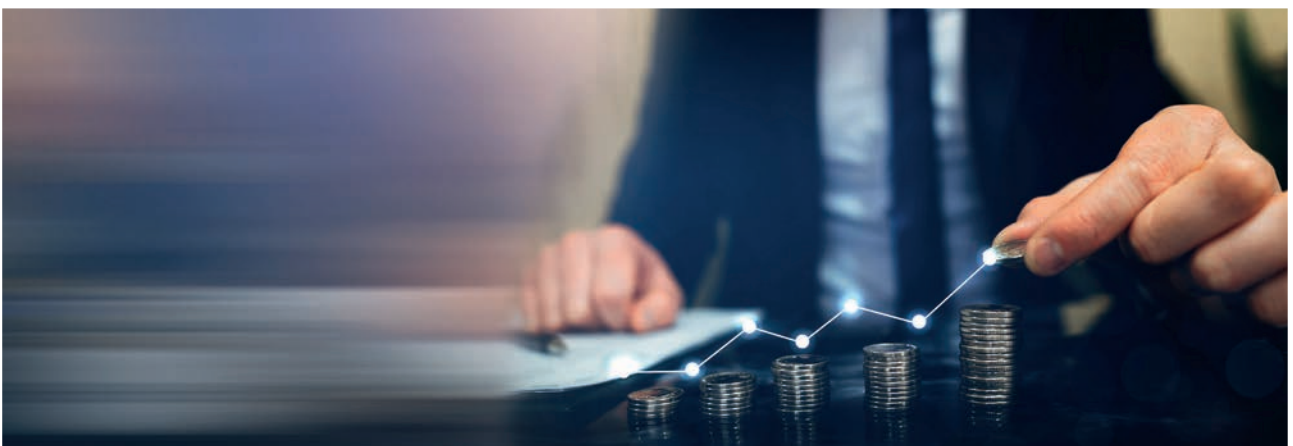
- The default fund chosen by the employer, or
- A fund specified under a workplace determination or an enterprise agreement

What is the Stapled Super Fund API for?

The stapled super fund API is a service that supports employers in asking ATO to identify any stapled fund for an employee who began employment from November 01, 2021.

Presently, employers and their authorized agents have access to request a stapled fund through the ATO retail channels (Online services for business and Online service for agents). To ease up the request process, the ATO has been working with Digital Service Providers (DSPs) towards developing a wholesale API to receive and respond to requests from employers about whether a stapled fund for their employee exists and is targeting to release it by the end of 2022.

Employers will be able to use this API to get the stapled super fund of a newly joined payee. Before using this API, a payer-payee link needs to be established either by submitting a TFN Declaration or by submitting an STP pay-event.





API co-design

A DSP working group was established to collaborate and understand the impacts to software and employee onboarding processes and to co-design the wholesale API. The Your Future, Your Super: stapled super fund API webinar was also organized by ATO on May 19, 2022, that covered essential information, including:

- An in-depth overview of the service, and
- How to use the API Portal specifications to implement the service in software

The business guidance documents the technical specifications for the wholesale service that have already been published on the [ATO API Portal](#). As per the latest news from ATO, The Your Future, Your Super: stapled super fund API will be deployed into production in early December 2022.

Service interactions

The service consists of two interactions:

1. Stapled super fund request, which enables a business user to submit for a single employee to determine their stapled super fund
2. Outcome request, which enables the employers to obtain the outcome of a previously made stapled super fund request using the receipt number of the original request

Consequence of not requesting a Stapled Super Fund

Employers may have to pay the choice shortfall penalty (which is the additional super guarantee charge) if they contribute to their default fund without making a stapled super fund request to ATO. Employers should immediately request a stapled super fund for their employee and begin making contributions to the fund that is returned in response to the request made to ATO.

To avoid the choice shortfall penalty, employers should ensure that they:

- Request the stapled super fund details for new employees as soon as possible if they have not provided their choice of fund,
- Pay the employee's full super guarantee contribution to the stapled super fund ATO returns to their request, and
- Pay the contribution to the stapled super fund by the quarterly due date

Penalties leviable can be checked [here](#) in more details.

Commonly asked questions about Stapled Super Fund and its API

Q. What happens if the new employee has not provided a completed Super choice form?

A. If the new employee has not provided a completed Super choice form, the employer will need to request stapled super fund details for the employee, either using the API or using ATO online services.

Q. If employers send a zero pay event prior to the actual first pay date, will that be an acceptable way to establish the employment relationship?

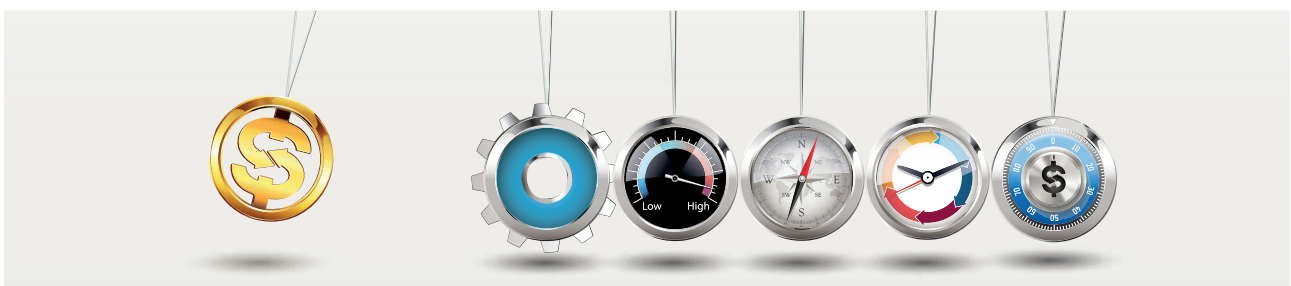
A. Yes, by sending a zero pay event before the first pay will establish the employment relationship on ATO's system. To establish the employment relationship a TFN declaration or STP pay event needs to be lodged.

Q. What is the delay between sending a zero pay event and establishing the employee/employer relationship to conduct a Stapled Super Fund lookup?

A. The delay will depend on how easily ATO is able to match the employer and employee against records in its system. To establish the relationship, ATO needs to match both, once that happens the relationship is established straight away.

Q. What is the uptime for the Stapled Super Fund API (including scheduled downtime)?

A. The new API gateway is looking to extend on ATO's existing availability, and it is expected that there will be 99.96% up time including the ability to do system and API upgrades with 0 downtime.



Conclusion

Stapled Super Fund API will take some burden off the shoulders of employers where the request for stapled super fund details will be placed directly through a payroll system without much manual efforts. This automation will also reduce the chances of non-compliance and hence, avoid huge penalties on failure to make a stapled super fund request to ATO. [Ramco's Global Payroll Solutions](#) help in managing payroll compliance matters including record keeping/time collection, leave payouts, calculation of super guarantee contributions, tax withholding, garnishee order processing and pay event reporting & year-end reporting through STP. Ramco Magna 2.2 has also been successfully reporting for many customers through STP 2 since its whitelisting in September 2021. Ramco will also endeavour to develop Stapled Super Fund API when it moves to production. Ramco's Multi-country [Payroll Platform](#) is all-encompassing, it facilitates the seamless management of tasks such as payslip distribution, banking file lodgments, general ledger interface and a lot more. Over two decades of experience and a global presence has enabled Ramco to create effective business solutions. The software can take care of most of the tricky calculations and withholdings. It also gets automatic updates after any changes in tax laws.

