

Clarification on superannuation and annual leave loading



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The ATO has recently advised of a clarification on how superannuation is to be calculated on annual leave loading for employees. Entitlements to annual leave loading is generally contained in Modern Awards and historically superannuation was being calculated by many employers on the basis that annual leave loading was not included in the definition of 'ordinary time earnings' (OTE). The ATO has now updated their website clarifying its position that annual leave loading will be classified as OTE, unless it is referable to a lost opportunity to work overtime and the employer can provide evidence of that. This may impact some employees.



As an employer, it would be worthwhile checking if your employees are entitled to receive annual leave loading, and whether or not it is linked to a loss of opportunity to earn overtime or any penalty rates, to determine if a superannuation contribution

needs to be paid. For further information, please see the link below to the ATO, or give us a call to see you we can assist.

[Clarification on superannuation and annual leave loading](#)

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