



 [Print whole section](#)

Superannuation guarantee gap

How we estimate and reduce the super guarantee gap for 2020–21.

Last updated 30 October 2023

Overview



Latest estimates and trends



ATO action to reduce the gap



How we are reducing non-compliance and improving willing participation by employers in the super guarantee system.

Methodology



Reliability



Overview

Published 30 October 2023

We recognise the importance of the super guarantee to the Australian community, and its vital role in providing for people's retirement. Our role is to administer the super guarantee system and the super guarantee charge.

This gap forms part of our overall tax performance program. Find out more about the **concept of tax gaps** and the **latest gaps** available.

QC 57181

Latest estimates and trends

Published 30 October 2023

For 2020–21, we estimate a net super guarantee gap of \$3.6 billion or 5.1% of the estimated theoretical Super Guarantee liability. Overall, the gross gap of 6.2% of the theoretical liability indicates that we are collecting around 94% of the amount of super guarantee contributions employers are required to make without intervention from us.

We generally highlight the super guarantee gap in net gap terms as it recognises the effects of our compliance activities. The gap without taking account the impact of our compliance activities is referred to as the gross gap.

To calculate the theoretical liability, we apply a hidden wages uplift of 2.3% average across all industries to the Australian Bureau of Statistics (ABS) measure of wages and salaries. The revised averaged 2.3% uplift is regarded as a better long-term estimate of the extent of hidden wages. This year we have applied industry-specific hidden wage uplifts to reflect the varying extent of hidden wages across industries, rather than economy-wide. This averages out to close to 2.3% economy-wide but importantly facilitates better interaction with other industry-specific aspects of the model including industry average contribution rates, excess contribution rates and the impact of overtime across industries.

The benefit of estimating this gap is in monitoring trends and developing insights over time. While there has been a general downward trend in the size of the net gap from 5.7% in 2015–16 to 5.1% in 2020–21, the net gap has remained steady over the past five years.

We saw the largest increase in voluntary contributions in 2019–20, which we suspect reflects the link between payment of super contributions and pay as you go (PAYG) withholding by employers. PAYG withholding is linked to the ability to claim stimulus payments such as Cash Flow Boost. This had a partial effect of reducing both the net and gross gaps.

Table 1 below shows data for 2015–16 to 2020–21, including:

- theoretical super guarantee contributions
- compliance amounts
- amounts reported
- gross and net gap estimates.

Across 2020–21 the number of employers rose from around 910,000 at June 2020 to around 1 million by June 2021. In 2020–21 there were approximately \$66.8 billion of superannuation contributions reported on behalf of about 12.2 million employees.

Table 1: Super guarantee gap and key components, 2015–16 to 2020–21

Element	2015–16	2016–17	2017–18	2018–19	2020–21
Gross gap (\$m)	3,872	3,510	3,957	4,300	4,300
Amendments (\$m)	579	744	861	855	855
Net gap (\$m)	3,293	2,766	3,096	3,445	3,445
Super guarantee paid (\$m)	54,928	56,521	59,277	62,275	65,275

Theoretical super guarantee liability (\$m)	58,221	59,287	62,373	65,720	69
Gross gap (%)	6.7	5.9	6.3	6.5	
Net gap (%)	5.7	4.7	5.0	5.2	


Table 2 shows our estimates of the gross and net gaps without an uplift the estimate of hidden wages for 2015–16 to 2020–21.

Table 2: Super guarantee gap estimates without hidden wages as a percentage of theoretical contributions, 2015–16 to 2020–21

	2015–16	2016–17	2017–18	2018–19	2019–20	
Gross gap without hidden wages (%)	4.2	3.4	3.8	4.0	3.7	
Net gap without hidden wages (%)	3.1	2.1	2.4	2.7	2.7	

Figure 1 displays the gross and net gap as a percentage of theoretical contributions over the same period with the industry-disaggregated hidden wages uplift.

Figure 1: Super guarantee gross and net gap estimates (percentage of theoretical contributions), 2015–16 to 2020–21

Figure 1: is a chart showing the gross and net SG tax gap as a percentage from 2015-16 to 2020-21 – as outlined in Table 1.

* Estimates are subject to revision of underlying data by the ABS.

QC 57181

ATO action to reduce the gap

How we are reducing non-compliance and improving willing participation by employers in the super guarantee system.

Last updated 17 February 2025

On this page

[Improving super guarantee compliance](#)

[Helping employers get it right](#)

[Helping employees understand their entitlements](#)


[Correcting employers who don't get it right](#)

Improving super guarantee compliance


We are committed to actively reducing non-compliance and improving willing participation by employers in the super guarantee system. We focus on reducing the super guarantee gap in the following ways.


Helping employers get it right

We offer support to make it as easy as possible for employers to understand and comply with their super guarantee obligations. This


includes phone calls, webinars, website content, printed publications, social media posts and assistance on [ATO community](#) .

At our tax professional open forums held across Australia, we focus on the importance of employers complying with their super guarantee requirements. We remind employers about SG due dates and the consequences of not meeting their quarterly payment and reporting obligations.

The **Small Business Superannuation Clearing House (SBSCH)** is a free service employers can use to help pay super. However, the SBSCH service will be closed from 1 July 2026 as part of the **Payday superannuation** reform. The recent government announcement provides more detail about the implementation of [Payday super](#) .

Employers can access free education and services through the [guide to starting a business](#) .

Our online tools to help employers get it right include:

- **Super guarantee eligibility decision tool** – work out if you need to make super contributions for any individuals you employ
- **Super guarantee charge statement and calculator tool** – work out and complete your super guarantee charge statement
- **How to pay super** – learn how to pay super
- **Super guarantee employer obligations – online course** – complete our short online course to learn about your super obligations
- **Simple checks for super success** – use our checklist to make sure you're meeting your super obligations.
- [Essentials to strengthen your small business](#)  - use our essentials training courses to strengthen your small business.

We also have tools to help small businesses and their advisers better understand how to **manage your business cash flow**.

Helping employees understand their entitlements

Our activities are not limited to employers. We provide online super tools to make it easier for employees to understand and report unpaid

super guarantee. We also give employees visibility of contributions made to their super funds through ATO online services.

Our tools for employees include:

- **Am I entitled to super?** – check if you're entitled to super contributions from your employer
- **Estimate my super** – estimate how much super your employer should have paid for you
- **Unpaid super from your employer** – what to do if you think your employer hasn't paid your super correctly
- **Report unpaid super contributions from my employer** – how to tell us if your employer hasn't paid your super, paid late or to the wrong fund.

Correcting employers who don't get it right

We take the late and non-payment of super guarantee seriously and have a focused compliance program. Our program provides enforcement action to improve employer behaviour and recover unpaid super guarantee.

We address non-compliance through:

- proactively reminding employers of their obligations including to pay on time
- nudging employers via letters, emails and phone calls to check their obligations and lodge super guarantee charge (SGC) statements if they have not paid the full amounts on time and to the correct funds for their eligible employees
- Undertaking reviews and audits which may result in the application of penalties.

See what employers must do if they have an **overdue super guarantee payment**.

Each year we publish our annual **super guarantee employer compliance results** to provide an overview of ATO compliance activities and employer actions regarding super guarantee obligations.

We are also working across government to support and enhance our current compliance approaches.

Identifying non-compliance

We have improved access to Single Touch Payroll and superannuation fund data to help identify employers who may not have met their super guarantee obligations, we also obtain information from:

- unions
- government agencies
- other third parties, and
- employee referrals of unpaid super

We use this information to detect non-compliance and implement preventative and corrective strategies when employers do not meet their obligations.

QC 57181

Methodology

Published 30 October 2023

On this page

[Step 1: Apply ABS data on salary and wages](#)

[Step 2: Apply an uplift factor to allow for hidden wages](#)

[Step 3: Adjust for earnings not subject to super guarantee](#)

[Step 4: Adjust for the impact of overtime](#)

[Step 5: Estimate theoretical super guarantee liability](#)

[Step 6: Estimate the gross and net gaps](#)

[Summary of the estimation process](#)

[Limitations](#)

[Updates and revisions to previous estimates](#)

We use a 6-step top-down method to estimate the super guarantee gap.

Step 1: Apply ABS data on salary and wages

We apply estimates of salary and wages by industry published by the ABS as part of their Gross Domestic Product (GDP) data.

Step 2: Apply an uplift factor to allow for hidden wages

We then apply an uplift factor to salary and wages to account for hidden wages as part of the shadow economy. This covers situations where the amount of wages reported to the ATO by employers and employees does not align, wages are paid in cash and/or employees are misclassified as contractors to avoid super guarantee or other obligations.

We based this uplift on internal analysis but also compared with international uplifts.

We also undertook analysis to ensure there is no double-counting of activities that have already been incorporated into the existing ABS data.

This analysis ensures our gap estimate is robust and reliable.

Step 3: Adjust for earnings not subject to super guarantee

We remove the proportion of earnings not subject to the super guarantee, such as:

- when monthly earnings are less than \$450. For income years prior to 2022–23, employers were not required to pay super guarantee when their employees earned less than \$450 a month.
- salary sacrifice amounts
- amounts above maximum super guarantee contribution base

- amounts associated with employees outside the super guarantee eligible age range.

We exclude salary amounts of defined benefit fund members. Based on results from our compliance activities, any super guarantee gap relating to these members is expected to be minimal. There are also data limitations for this group, especially for unfunded defined benefit schemes where employers do not actually make contributions.

Step 4: Adjust for the impact of overtime

We adjust the estimate of theoretical super guarantee amounts to remove the impact of overtime, which are not subject to super guarantee obligations.

We do this by applying industry-by-industry ratios of ABS average weekly ordinary time earnings (AWOTE) to ABS average weekly earnings (AWE) to the result from step 3 at the industry level. Then we aggregate across all industries.

This step increases the reliability because it recognises the diversity across industries in the amount of overtime available.

Step 5: Estimate theoretical super guarantee liability

We multiply the result from step 4 by the statutory rate to estimate the theoretical super guarantee payable.

Step 6: Estimate the gross and net gaps

We examine annual data from super funds. We take reported super guarantee amounts (including defined benefits schemes) and remove certain reportable amounts (including salary sacrifice amounts) which are not considered part of mandatory employer obligations, together with discounts and adjustments.

This amount is deducted from the theoretical amount established (in step 5) to arrive at the gross super guarantee gap.

We then factor in the increase in super guarantee liabilities from our compliance activities (for example, reviews and audits) and from employer voluntary adjustments.

The difference between the actual super guarantee contribution amount and the theoretical contribution amount represents the gross gap. This represents the estimated gap if we did not undertake compliance activities. We then factor in the results of our direct interventions (such as audit activity) to arrive at the net gap.

Summary of the estimation process

Table 3 shows the estimate amounts for the 6 steps of the super guarantee gap from 2015–16 to 2020–21.

Table 3: Applying the methodology – super guarantee gap

Step	Description	2015–16	2016–17	2017–18	2018–19
1	CoE salary and wage data (\$m)	725,508	743,608	780,758	820,000
2	Hidden wages uplift (2.3%) (\$m)	16,600	17,053	17,972	18,500
3	Less earnings not subject to super guarantee (\$m)	153,384	157,180	160,218	161,000
4	Multiply by AWOTE to AWE ratios at the industry level to obtain salary and wages subject to super guarantee (\$m)	567,056	580,487	613,889	647,500

5.1	Multiply by statutory rate (%)	9.50	9.50	9.50	
5.2	Amount that should be paid (\$m)	53,870	55,146	58,319	6
5.3	Add back defined benefits (\$m)	4,351	4,141	4,054	4
5.4	Theoretical liability (\$m)	58,221	59,287	62,373	6
6.1	Reported super guarantee (including defined benefits) (\$m)	54,349	55,777	58,416	6
6.2	Gross gap estimate (\$m)	3,872	3,509	3,957	4
6.3	Compliance outcome (\$m)	579	744	861	
6.4	Net gap estimate (\$m)	3,293	2,766	3,096	3
6.5	Gross gap (%)	6.7%	5.9%	6.3%	
6.6	Net gap (%)	5.7%	4.7%	5.0%	

Find out more about our overall research methodology, data sources and analysis for creating our tax gap estimates.

Limitations

There are limitations associated with estimating the super guarantee gap.

Australian National Accounts data

ABS Australian National Accounts data (National Accounts) is compiled from surveys and benchmarking activities. It has the following limitations:

- Outcomes are subject to sampling and non-sampling errors.
- Because it does not include estimates for impacts of the shadow economy on wages data, an uplift factor is required for the estimated gap.
- It is subject to revisions which result in changes to the estimated gaps as we refresh it in future years.

Limited availability of ordinary time earnings data

The ABS wages data we use includes payments related to overtime that are not actually subject to superannuation guarantee obligations. We estimate how much overtime to exclude by applying a discounting factor based on the ratio of AWOTE to AWE.

Hidden wages in the shadow economy

The Shadow Economy Taskforce final report highlighted that the previously applied uplift for hidden wages understated the extent of undisclosed wages.

As a result, last year we increased the hidden wage uplift from 1.2% previously applied to 2.3%. This aligns with the outcome from a comprehensive internal analysis undertaken. This year we have applied industry-specific hidden wage uplifts improving the linkages to other industry-specific parts of our gap estimates.

Salary sacrifice data is only included into super

We use salary sacrifice data provided by the ABS. While salary has been reduced by salary sacrifice in the estimate, there is no corresponding reduction in contributions required.

Also, the salary sacrifice amount may represent the full amount of required super guarantee contributions depending on which salary base the employer had calculated the obligation.

This factor could lead to an understatement or overstatement of the gap. However, we believe the impact is relatively low.

Restrictions in the application of the estimates

Used alone, the gap analysis cannot be used to:

- identify specific instances of unpaid super guarantee
- characterise industry or business sectors in the economy as susceptible to unpaid super guarantee
- identify the specific sources of the gap.

Definition of employee versus independent contractor

Super guarantee contributions are payable for either:

- employees within the ordinary meaning of 'employee'
- employees that fall under the extended definition if they are not excluded employees, such as independent contractors.

Work out the difference between an employee and a contractor.

Gap estimates reflect trends in the overall system

Super guarantee gap estimates cannot accurately predict the number of employees and employers affected.

Other approaches are more applicable to assess the impact of non-compliance on employees.

Updates and revisions to previous estimates


Each year we refresh our estimates in line with our annual report. Changes from previously published estimates occur for a variety of reasons, including incorporating updated estimates of wages published by the ABS.

We also make changes for reasons such as:

- improvements in methodology
- revisions to data
- additional information becoming available.

Figure 2 displays the gross gap and net gap from our current methodology compared to the estimates released in previous years.

Figure 2: Current and previous super guarantee net gap estimates, 2009–10 to 2020–21

Figure 2: is a chart showing the net SG gap estimates from previously published years 2009-10 to 2020-21 – as outlined in Table 3.

The data is presented in Table 4 below.

Table 4: Current and previous net super guarantee gap estimates

Gap	2009-10	2010-11	2011-12	2012-13	2013-14
2023 program	n/a	n/a	n/a	n/a	n/a
2022 program	n/a	n/a	n/a	n/a	n/a
2021 program	n/a	n/a	n/a	n/a	5.5%
2020 program	n/a	n/a	n/a	5.6%	5.6%
2019 program	n/a	n/a	6.5%	5.3%	5.3%
2018 program	n/a	5.6%	6.5%	5.3%	5.2%

2017 program	3.8%	4.6%	5.9%	4.8%	4.7%
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QC 57181

Reliability


Published 23 November 2023

We seek feedback and advice about how we estimate the gap from our external and internal subject matter experts. Based on the advice, the reliability rating for this estimate is **medium** (with a score of 18).

The rating suggests that there is a degree of uncertainty in the estimates due to methodological constructs, data limitations and margins of error inherent in the data.

The ABS regularly revise their National Accounts data, including the CoE component. This can lead to revisions to prior year gap estimates in future updates. We will continue to review and improve our estimation process; including our understanding and estimate for the shadow economy.

Figure 3: Reliability rating scale from very low to very high – super guarantee gap

Figure 3: This image is a graph that represents the reliability rating for the current SG tax gap estimate. The rating scale includes: - Very low which is a score between 0 and 10 - Low which is a score between 11 and 15 - Medium which is a score between 16 and 20 - High which is a score between 21 and 25 - Very high which is a score between 26 and 30. The graph shows the SG gap estimate has a rating of 18 which is medium.

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

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