

SUPERANNUATION CONTRIBUTION DEDUCTION GUIDE

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Super Contributions, Explained Simply

Superannuation contributions are a key part of building long-term financial security.

Whether you're a PNG citizen making mandatory contributions or a non-citizen contributing voluntarily, it's important to understand how your super is calculated, taxed, and managed.

This guide outlines how both member and employer contributions work, including salary packaging and contribution limits.

Who can contribute?

Both PNG citizens and non-citizens (including expatriates and self-employed individuals) can contribute to superannuation.

There are two types of contributions:

- Member Contributions - paid by you, the employee
- Employer Contributions - paid by your employer on your behalf

Member Contributions

- Must be made after tax — these are deducted from your salary after income tax is applied
- Mandatory rate is 6% (for PNG citizens)
- You can contribute more than 6% voluntarily if you wish
- Voluntary contributors (expats/self-employed) can contribute any amount

Employer Contributions

- Deducted before tax from the employee's total taxable salary
- Mandatory rate is 8.4% (for PNG citizens)
- Employers can contribute up to 15% for voluntary contributors through salary packaging
- Contribution amount and arrangement must be agreed in writing between employer and employee

What's excluded from super calculations?

Super contributions are not applied to the following:

- Overtime
- Allowances
- Bonuses
- Salary sacrifice amounts
- Compensation payments
- Gifts from employer

Only your gross taxable salary is used to calculate super contributions.

Salary Packaging for Super

Salary packaging is allowed if:

- It's agreed to in writing
- The arrangement is long-term



- The super contribution is paid by the employer
- Your employment contract or addendum clearly outlines both the taxable salary and the superannuation component

Superannuation contributions via salary packaging cannot exceed 15% of your taxable salary.

Examples: How contributions are calculated

Example 1: Voluntary contributions via salary packaging

Let's say your employment contract states the following:

- Taxable Salary: PGK 100,000
- Super Contribution (Employer): PGK 15,000

Because the contribution equals 15% of your taxable salary, this arrangement is valid. As long as it's clearly stated in your employment contract or a signed contract addendum.

In this case, your total remuneration package would be PGK 115,000 (PGK 100,000 salary + PGK 15,000 super).

Example 2: Adjusting an existing salary to include packaged super

You currently earn PGK 100,000, but you'd like to restructure your package to include superannuation through salary packaging.

To stay within the 15% limit, your employer restructures your package as follows:

- Taxable Salary: PGK 87,000
- Super Contribution (Employer): PGK 13,000

This new arrangement also keeps the contribution within the allowable limit and must be documented through a formal contract amendment or addendum.

Your total package remains PGK 100,000, but the contribution is now a packaged component of your remuneration.

Example 3: Mandatory contributions for PNG citizens

Let's say you're a PNG citizen earning PGK 50,000 per year.

Your contributions would be:

- Member (Employee) Contribution — 6% after tax: PGK 3,000
- Employer Contribution — 8.4% before tax: PGK 4,200

In this case, your total superannuation contribution for the year would be PGK 7,200. These amounts are calculated and paid by your employer, with the member portion deducted from your take-home pay after tax.

We are here to help

Have questions or need some help? Speak to one of our knowledgeable local team, call toll free 180 5100 or email us at info@pacsuper.com.pg.