

# WHEN EMPLOYING WORKERS-CHECKLIST

The following topics relates to what a business needs to do when they employ workers

## Wages & wages tax

Each new employee needs to complete a Tax File Number declaration form when they start their employment, which then needs to be sent to the ATO. This assists if you are required to withhold tax from their wages to be declared and paid to the tax office. The minimum wage rates should also be considered when agreeing on a wage rate with the employee

Once a payment comes within the Withholding Rules, the employer must

- Register as a PAYG Withholding Payer
- Withhold an amount from the wages of the employee at the required rate
- Each quarter on the employer's BAS, they must notify the tax office of the amount withheld and pay that amount to the tax office by the required due date; and
- At the end of the year, prepare a payment summary for each employee (reports gross wages and tax withheld for the year) and give a copy to the employee, keep one copy on file and send one copy together with the annual summary report to the ATO.

## Superannuation

When a new employee starts, you are required to offer them a super choice form.

Employers are required to pay 9% superannuation contributions for their employees when the employees

- Are aged between 18 and 70, and
- Are paid \$450 (before tax) or more in a calendar month

If you employ someone falling into the above category, as an employer you should

- Calculate 9% of the employees earning base for each quarter and
- Pay this amount to a complying superannuation fund by the 28th day following the quarter ending.

If the employer does not make these superannuation contributions as required, they will be liable for the Superannuation Guarantee Charge (which is not tax deductible) with consists of

- The superannuation guarantee shortfall amount
- Interests on that amount and
- An administration fee

The Superannuation Guarantee Charge is not tax deductible so ensure you pay employee's super on time.

## WorkCover

If you engage employees or contractors deemed to be workers and you pay, or expect to pay, more than \$7,500 a year in rateable remuneration or if you engage apprentices or trainees, you must take out a WorkCover Insurance policy. This applies to you even if you are a small company, partnership or sole trader with only one or a small number of clients. If you do not have a policy when you should, you will face heavy penalties and may be liable for the full cost of any claims incurred while you were uninsured.

To take out a policy, fill in an application form for a WorkCover Insurance policy and send it to the VWA Agent of your choice.

Each year you will be required to complete an annual WorkCover reconciliation form that states the total paid in wages and superannuation paid to employees, and also give an estimate for the future income tax year.

## Payroll Tax

Payroll tax is payable in each state if the total employee costs exceeds a set amount. In Victoria, if total wages and benefits exceeds \$45,833 per month (\$550,000 per year), payroll tax of 4.90% is payable on the wages over the set amount.

Disclaimer: This information has been prepared as information for clients of Account(able) Accountants only. While every effort has been made to ensure that the information contained in this information is free from error and/or omissions, no responsibility can be accepted by Account(able) Accountants. Clients should not act solely on the basis of the material contained in this Information Sheet, due to changes that can occur in legislation and their personal circumstances. Items herein are general comments only and do not constitute or convey advice per se. We recommend that you seek our formal advice before acting in any of the areas. This information sheet is issued as a helpful guide to Account(able) Accountants' clients for their private information, and not be made available to any person without our prior approval.

Directors Russell W. Gilbert FCA Brent Delahey DipAcc, MIPA Patrick J. Hoey BBus Acc, CPA

( Bacchus Marsh P 03 5366 1000 Melbourne P 03 9863 8133 Geelong P 03 5222 7683 E mail@weareaccountable.com.au )

www.weareaccountable.com.au