



Members Update

Dear member,

Happy New Year and welcome to the January 2020 members update.

This month we look at workplace giving arrangements (currently very topical on the helpdesk due to the bushfires) as well as employer's obligations for staff who have been affected by the fires and cannot attend work. We also look at the entitlements of staff members who have volunteered to assist with the bushfire crisis.

Workplace Giving Arrangements

With the current bushfire crisis, many employees have expressed a desire to make a donation from their pay.

Under a workplace giving arrangement, the employer **must ensure the participating charities or other organisations have ongoing deductible gift recipient (DGR) status.** To check whether a charity is a DGR visit abr.business.gov.au/

For example, the ABN for NSW Rural Fire Service is 25 003 129 221. When you enter these details into the Australian Business Register, you will see that NSW Rural Fire Service is endorsed as a DGR:

Current details for ABN 25 003 129 221

Current details Historical details PDF Print Email

ABN details help

Entity name:	NSW RURAL FIRE SERVICE
ABN status:	Active from 01 Nov 1999
Entity type:	State Government Entity
Goods & Services Tax (GST):	Registered from 01 Jul 2000
Main business location:	NSW 2127

Trading name(s) help

From 1 November 2023, ABN Lookup will not display trading names and will only display registered business names. For more information, click [help](#).

Trading name	From
Department of Rural Fire Service	01 Aug 2011
NSW Rural Fire Service	03 Aug 2011
Department of Attorney General and Justice-NSW Rural Fire Service	01 Aug 2011

Deductible gift recipient status help

NSW RURAL FIRE SERVICE is endorsed as a Deductible Gift Recipient (DGR) from 03 May 2012. It is covered by [Item 1](#) of the table in section 30-15 of the *Income Tax Assessment Act 1997*.

If the charity or organisation has DGR status, the employer can ask them for account deposit details so lump-sum deposits can be made.

Deductions can be made pre or post-tax if the charity is DGR.

Pre-tax deductions – if the employee’s donations are deducted pre-tax, any tax benefit will be received at the time of the deduction. In the example below, the employee’s weekly earnings are \$1000 and they have requested to make a donation of \$50 to a DGR.

Without Workplace Giving				With Workplace Giving			
	Hours	Rate	Total		Hours	Rate	Total
Normal hours	30	\$ 33.33	\$1,000.00	Normal hours	30	\$ 33.33	\$1,000.00
Taxable Income			\$1,000.00	Workplace Giving		\$ (50.00)	\$ (50.00)
Tax withheld			\$ (183.00)	Taxable Income			\$ 950.00
Net Pay			\$ 817.00	Tax withheld			\$ (165.00)
				Net Pay			\$ 785.00

So, whilst the deduction is for \$50, the employee’s net pay has only reduced by \$32 thus giving the employee the tax benefit of \$18 at the time of the deduction. Now, whilst this looks very similar to a salary sacrifice/packaging arrangement, there are 3 key points to note:

1. The gross amount for payment summary/STP reporting purposes is \$1000 in both cases – so unlike a salary packaging arrangement, the deduction does NOT reduce the gross income.
2. Superannuation will always be calculated on the gross amount before the deduction – i.e the deduction does not reduce the employee’s OTE (similar to the new superannuation salary sacrifice legislation effect 1/1/2020)
3. The workplace giving amount is reported as “Workplace Giving” for Payment Summary/STP purposes.

1. Post-tax deductions – if the employee’s donations are deducted post-tax, any tax benefit will be received when the employee lodges their tax return. In the example below, the employee’s weekly earnings are \$1000 and they have requested to make a donation of \$50 to a DGR post-tax:

Without Workplace Giving			
	Hours	Rate	Total
Normal hours	30	\$ 33.33	\$1,000.00
Taxable Income			\$1,000.00
Tax withheld			\$ (183.00)
Net Pay			\$ 817.00

With Workplace Giving			
	Hours	Rate	Total
Normal hours	30	\$ 33.33	\$1,000.00
Taxable Income			\$1,000.00
Tax withheld			\$ (183.00)
Workplace giving			\$ (50.00)
Net Pay			\$ 767.00

As can be seen, the employee’s net pay has been reduced by \$50 – when they lodge their tax return (and all other variables being equal), the employee will receive a tax refund of \$18. Again, it is important to note that the 3 key points mentioned above still apply – the gross income is \$1000, superannuation is calculated on the \$1000, and the \$50 is reported as workplace giving.

Employees Affected by the bushfires and cannot get to work

An employee's award, enterprise agreements and other registered agreements can set out what:

- severe and inclement weather includes (eg heavy rain and storms, bushfires, extreme heat or cold, hail or high winds)
- employees and employers have to do when there is inclement weather.

An employer can't ask their employees to start or continue to work during severe and inclement weather if it's unreasonable or unsafe. Employers don't have to pay their employees when this happens unless an award or agreement says they do – but they can do so if they wish! Assistance may be available from the Commonwealth or State disaster relief funds.

Volunteers and Community Service

Employees, including casual employees, can take community service leave for certain activities for emergency management activities.

Recognised emergency management body is:

- a body that has a role or function under a plan that is for coping with emergencies / natural disasters (prepared by the Commonwealth or a state or territory)
- a fire-fighting, civil defence or rescue body
- any other body which is mainly involved in responding to an emergency or natural disaster.

This includes bodies such as:

- the State Emergency Service (eg RFS, CFS)
- Country Fire Authority (CFA)
- the RSPCA (in respect of animal rescue during emergencies or natural disasters).

Employees volunteering with a recognised emergency management body are not entitled to payment from their employer – however, they may be eligible for Commonwealth/State payments.

Defence Reservists

As well as workplace rights and entitlements under the Fair Work Act 2009, Reservists have additional workplace protections under the Defence Reserve Service (Protection) Act 2001.

There is no legal obligation for employers to pay employees while they are absent on Defence service, including training.

However, many employers do provide paid leave, and some provide top-up pay to assist their employee Reservists, as military pay for many Reservists is less than their civilian pay. Employees should check their relevant industrial instrument for any paid Defence service leave entitlements that may apply.

Employees cannot be required to take their annual leave or long service leave for absences on Defence service, but may voluntarily elect to do so by mutual agreement with their employer.

Employers may be eligible for financial assistance to offset the costs of releasing employees for Defence service, through the Employer Support Payment Scheme. Employers are paid for eligible Defence service at average weekly earnings (regardless of the employee's salary), although there is provision in special circumstances for higher payments.



MEMBERS WEBINAR:

Please join us for our monthly webinar to be held on 22nd January at 1 pm where we will look at ***“What counts as service for Long Service Leave purposes”***.

[Register Here](#)