

MEMBERS UPDATE



**NOVEMBER
2020**



In this month's members update we look at:

- Award pay rate increases
- Updated ATO Tax Tables
- JobMaker Hiring Credit
- Job Keeper 2.0
- Christmas Shutdown

Award Increases

Minimum wages in modern awards (Group 2) will be increased by 1.75% from the **start of the first full pay period on or after 1 November 2020**. Group 2 Awards include construction and manufacturing and a range of other industries. The full list can be seen through the below Fair Work link (over 60 Awards):

<https://www.fairwork.gov.au/about-us/news-and-media-releases/website-news/the-commission-has-announced-a-1-75-increase-to-minimum-wages>

Just a reminder that Group 3 Award increases will come into effect in 1 February 2021.

Updated ATO Tax Tables

The new income tax tables are now available on the ATO's website and employers have until 16th November to implement these changes:

<https://www.ato.gov.au/Rates/Tax-tables/>

This means that the stage 2 personal income tax cuts have been brought forward and backdated to 1 July this year. Any income tax withheld on payments prior to the new tax tables being implemented in this Financial Year will be included in the taxpayer's tax assessment at the end of the Financial Year (30th June 2021).

The changes in the income tax thresholds are as follows:

Resident tax rates for 2020-21

Taxable income	Tax on this income
0 to \$18,200	Nil
\$18,201 to \$45,000	19cents for each \$1 over \$18,200
\$45,001 to \$120,000	\$5,092 plus 32.5cents for each \$1 over \$45,000
\$120,001 to \$180,000	\$29,467 plus 37cents for each \$1 over \$120,000
\$180,001 and over	\$51,667 plus 45cents for each \$1 over \$180,000

<https://www.ato.gov.au/General/New-legislation/In-detail/Direct-taxes/Income-tax-for-individuals/JobMaker-Plan---bringing-forward-the-Personal-Income-Tax-Plan/>

The ATO's tax withheld for individuals' calculator has also been updated with the new tax rates:

<https://www.ato.gov.au/Calculators-and-tools/Host/?anchor=TWC&anchor=TWC/questions#TWC/questions>

JobMaker Hiring Credit

As part of the government's \$74 billion JobMaker Plan designed to support a stronger economic recovery and bring more Australians back to work, a new \$4 billion JobMaker Hiring Credit has been introduced. The JobMaker Hiring Credit will provide businesses with an incentive to take on additional employees aged between 16 and 35 years old.

From 7 October 2020, eligible employers will be able to claim \$200 a week for each additional eligible employee they hire aged 16 to 29 years old; and \$100 a week for each additional eligible employee aged 30 to 35 years old.

Although not necessarily a payroll function, there are some more details including eligibility criteria here that may be useful if asked any questions on this scheme:

https://budget.gov.au/2020-21/content/factsheets/download/jobmaker_hiring_credit_factsheet.pdf

Job Keeper 2.0

The Job Keeper scheme was extended from 28th September 2020, introducing new Tier 1 (\$1,200) & Tier 2 (\$750) lower amounts which will run until 3rd January 2021.

For October only, you had until the end of the month to make the necessary tiered payments to employees, however going forward the employee will need to be paid in the relevant JK fortnight. For example, for FN16 a Tier 1 eligible employee will need to be paid \$1,200 on or before 8th November.

ATO JK key dates:

<https://www.ato.gov.au/General/JobKeeper-Payment/JobKeeper-key-dates/>

Employers have until 14th November to complete their monthly business declaration which will include a breakdown between the Tier 1 & Tier 2 employees.

Christmas Shutdown

With just over 50 days until Christmas, it's time to start planning for any Christmas shutdowns and to start considering the impact to employees and payroll processing.

An employee can be directed to take annual leave during a shut down if their award or registered agreement allows it. Most awards have rules about how and when an employer can direct an employee to take leave. For example, an employer may need to give the employee a set amount of notice (eg. 4 weeks) that they will need to take annual leave.

If an employee isn't covered by an award or an agreement, their employer can direct them to take annual leave if the direction is reasonable. An employer and employee can agree that the employee takes annual leave (including in advance of accrual) or unpaid leave for the shut down time. The employee can't be forced to take unpaid leave, so if an agreement can't be reached with their employer, they need to be paid their ordinary pay for the time.

<https://www.fairwork.gov.au/leave/annual-leave/directing-an-employee-to-take-annual-leave/direction-to-take-annual-leave-during-a-shut-down>



Please join us for our November monthly webinar where we will be discussing "Purchased Leave Arrangements" to be held on **25th November at 1pm.**

CLICK HERE TO REGISTER