

MEMBERS UPDATE



**JULY
2022**



In this month's members update we look at:

- New financial year updates
- Fair Work Pay Guide
- Payroll Tax updates and reviews
- How can employees access their Income Statement?

Welcome to the July 2022 member's update

Many of us are busy finalising year end, but it is important to take the time to go over the changes for the new financial year. In this month's members update we will look at what changes the new financial year will bring.

We will also refresh ourselves with how employees can access their Income Statements and lastly, we will review the thresholds and rates for Payroll tax from the 1st of July 2022.

Let's start the new financial year on the right foot.

Summary of new financial year updates and thresholds

As part of the Government's Treasury Laws Amendment Bill 2021, it has been decided from the 1st of July 2022 that the \$450 superannuation guarantee threshold will be removed. This also means that Fair Work are working to remove the \$350 monthly super threshold from the Hospitality Industry Award and the Restaurant Industry Award.

While your payroll software will more than likely be upgraded to take up the removal of the super threshold, it is worth noting the start date to ensure you can check your payroll setup is correct when the time comes.

AUSTRALIAN TAXATION OFFICE	
Tax free portion of a Genuine Redundancy payment***	Base Limit = \$11,591 For each completed year of service = \$5,797
ETP Life/Death Benefit***	\$230,000
Whole of Income Cap***	\$180,000
Reasonable Overtime Meal/Overnight Travel Allowances	\$33.25 https://www.ato.gov.au/law/view/document?docid=TXD/TD202210/NAT/ATO/00001
Superannuation maximum contributions base	\$60,220 per quarter
Superannuation Guarantee (SG) rate	10.5%
Concessional contributions cap	\$27,500
Non-Concessional contributions cap	\$110,000
Changes to STSL rates (there are no other PAYG withholding tax table changes)***	https://www.ato.gov.au/Rates/Tax-tables/
ATO approved cents per kilometre rates***	78 cents per kilometre**

** Some awards such as the Clerks award from the 1st of July 2022 states that employees should be paid 91 cents per kilometre. In this case .78 cents will be tax free and the difference of 13 cents will be taxed. This is as long as the kilometres are under 5,000km per year per car. Once they go over 5,000 km per financial year per car then all kilometres are taxed.

Clerks Example: 19.6 Vehicle allowance

(a) An employer who requires an employee to use their own motor vehicle in performing their duties must pay the employee an allowance of:

(i) for a motor car, \$0.91 per kilometre

***ATO rates apply to payments made on/after 1 July

Additional pay periods in a FY

In some financial years, payees who are paid:

- fortnightly will have 27 paydays for the year instead of the usual 26
- weekly will have 53 paydays for the year instead of the usual 52

As the calculations for withholding tax are based on the normal number of pays in a year, the extra pay may result in insufficient amounts being withheld. You should let your payees know when this happens so they can ask you to withhold an additional amount. If the payee wishes to have an additional amount withheld to avoid a tax liability at the end of the FY, they can request additional tax be withheld. This written request can be made by any means that suits the business and meets your record keeping obligations (eg the request can be made via email or even through an ESS portal where the functionality is available). Unlike downward withholding variation, there is no specific ATO document that must be submitted where an employee chooses to have more PAYG withheld.

Fortnightly 27 pay days: <https://www.ato.gov.au/Rates/Fortnightly-tax-table/>

Weekly 53 pay days: <https://www.ato.gov.au/Rates/Weekly-tax-table/>

FAIR WORK	
Weekly Minimum Wage	\$812.60 per week or \$21.38 per hour
High Income Threshold	\$162,000**
Increase in Modern Awards***	https://www.fwc.gov.au/hearings-decisions/major-cases/annual-wage-reviews/annual-wage-review-2021-22/determinations-annual?idU=2

** In addition, for NSW this threshold affects the calculation of LSL when factoring in bonuses and commissions received by the worker. These payments are averaged over the previous 12 months (or averaged over the previous five years if the five year average pay rate is used) and added to the weekly rate used to calculate the leave payment for NSW LSL. However, bonuses paid to workers who are otherwise paid in excess of \$162,000 annually are not included.

***Fair Work increases apply on the first FULL pay period on/after the applicable change date

Payroll Tax

NSW has reverted back to their Payroll Tax rate as at the 1st of July.

Payroll Tax exemption rate for cents per km is 72 cents

State	Monthly threshold (total Aust wages)	Yearly threshold (total Australian wages)	Rate	2022-23 update
NSW	\$101,918 (31 days) \$98,630 (30 days) \$92,055 (28 days)	\$1,200,000	5.45%	✓
VIC	\$58,333	\$700,000	4.85% (1.2125% if 85% of wages paid to regional employees)	✗
SA	Is advised when you log in each month. See below for the calculation they use.	Does not exceed \$1.5M Exceeds \$1.5M but not \$1.7M Exceeds \$1.7M	Nil Variable 0-4.95% 4.95%	✗
QLD	\$108,333	Does not exceed \$1.3M Exceeds \$1.3M but not \$6.5M Exceeds \$6.5M	Nil 4.75% 4.95%	✗
TAS	\$106,164 (31 days) \$102,740 (30 days) \$95,890 (28 days)	\$2,000,000 \$1,250,000 - \$2,000,000	6.10% 4.00%	✗

State	Monthly threshold (total Aust wages)	Yearly threshold (total Australian wages)	Rate	2022-23 update
ACT	\$166,667	\$2,000,000	6.85%	x
NT	\$125,000	\$1,500,000	5.50%	x
WA	\$83,333	Does not exceed \$1,000,000 Exceeds \$1 million but not \$100 million Exceeds \$100million but not \$1.5billion Exceeds \$1.5 billion	Nil 5.50% 6.00% 6.50%	x

**Key Changes that are coming*

Tasmania - extension of apprentice/trainee rebates to 30 June 2024.

WA - Increase in Quarterly Payroll Tax Return Threshold From 1 July 2022, the quarterly payroll tax return lodgement threshold will increase from \$100,000 to \$150,000. This means that payroll tax payers with an annual liability of up to \$150,000 will have the option to choose to pay quarterly (rather than monthly) NSW returning to 5.45% from 1 July

QLD - The Apprentice and Trainee payroll tax rebate has been extended for another 12 months until 30 June 2022. The scheme provides for a 50% rebate in relation to taxable wages paid to eligible apprentices and trainees, in addition to those wages already being exempt from payroll tax.

From 1 Jan 2023: Businesses with an annual payroll of more than \$10 million will pay a levy of 2.5 cents for every \$10 of taxable wages they pay above \$10 million. Very large businesses, with payrolls of more than \$100 million, such as supermarkets, will pay 5 cents for every \$10 of taxable wages they pay above \$100 million.

Award Increases

Most awards will increase from the first full pay period on or after 1 July 2022.

For some awards in the aviation, hospitality and tourism industries, the increase will happen from 1 October 2022. The affected awards are:

Aviation

- Aircraft Cabin Crew Award
- Airline Operations – Ground Staff Award
- Air Pilots Award
- Airport Employees Award
- Airservices Australia Enterprise Award 2016

Hospitality

- Hospitality Industry (General) Award
- Registered and Licensed Clubs Award
- Restaurant Industry Award

Tourism

- Marine Tourism and Charter Vessels Award
- Alpine Resorts Award

Unpaid pandemic leave in awards

On 8 April 2020, the Fair Work Commission (the Commission) made determinations varying 99 awards, adding unpaid pandemic leave and annual leave flexibility.

The determinations inserted a temporary new Schedule X into these 99 awards, which provide 2 weeks of unpaid pandemic leave and the ability to take twice as much annual leave at half their normal pay if their employer agreed.

The Commission extended the entitlement to unpaid pandemic leave under Schedule X, with the provisions now ending in all awards from 30 June 2022. The entitlement to take annual leave at half pay ended on 31 December 2021.

Amendments to the WA Long Service Leave Act

Changes have been made to the Long Service Leave Act 1958 (LSL Act) effective 20 June 2022. State long service leave obligations apply to most WA employers. Key amendments are:

- Clarification of a number of entitlements and providing for greater flexibility in how long service leave is taken through:
 - enabling an employer and employee to agree to the employee taking long service leave in separate periods of any length; and
 - allowing an employee to request to take long service leave at half pay for twice as long, or at double pay for half as long.
- Introduction of new 'transfer of business' provisions based on the same provisions in the Fair Work Act 2009.
- Strengthening of enforcement provisions through introducing penalties for contravening the LSL Act or failing to keep required employment records relating to long service leave.

Get more information via:

https://www.commerce.wa.gov.au/sites/default/files/atoms/files/amendments_to_the_long_service_leave_act_fact_sheet_2022.pdf

<https://www.commerce.wa.gov.au/labour-relations/long-service-leave-0>

FAQ

Q. How can employees access their Income Statement?

A. Employers no longer need to provide employees Income Statements at the end of the Financial Year. Employees can access this instead via the employees Tax Agent/Accountant or via the ATO online services myGov.

1. Log in to myGov.
2. Select Australian Taxation Office.
3. Select (from the top of the screen) Employment and then Income statements.

If an employee does request for their Income Statement you can provide the below factsheet.

https://www.ato.gov.au/uploadedFiles/Content/MEI/downloads/n75191_employee_factsheet.pdf

Q. Can I make a pay deduction from an employees pay?

A. You can only make a deduction from an employee's pay or require them to pay money to you in limited situations. An employer can only deduct money if:

- the employee agrees in writing and it's principally for their benefit
- it's allowed by a law, a court order, or by the Fair Work Commission, or
- it's allowed under the employee's award, or
- it's allowed under the employee's registered agreement and the employee agrees to it.

Examples include salary sacrifice arrangements or additional payments into an employee's super fund. An employee's written agreement must be genuine. They can't be forced to agree to a deduction. Deductions have to be shown on the employee's pay slip and time and wages records.

Members Webinar



Please join us for our June members webinar where we will be looking at **“Overpayments and Deductions”**.
Join us on **Thursday 21st of July 2022 at 1pm (Sydney time)**.

[CLICK HERE TO REGISTER](#)