



MEMBERS UPDATE

————— JULY 2023 —————

Welcome to the July 2023 member's update

In this month's members update we introduce our payroll quick reference guide, summarising all the rates and thresholds you need to know, including:

- Genuine Redundancy Tax Free Limit
- ETP Cap
- Superannuation Maximum Contribution Base
- Payroll Tax
- Income Tax Rates
- Child Support Protected Earnings

And more!



Payroll Quick Reference Guide 2023 – 2024

Terminations				
Tax on Leave on Termination				
Payment Type:	Reason:	Accrual Dates:	Withholding rates (including Medicare Levy):	Income Statement Label:
Annual Leave & Leave Loading	Normal termination (e.g., Voluntary resignation, employment terminated due to inefficiency, retirement)	Pre 18 August 1993	32%	Leave Sum A, Type Code T
		Post 17 August 1993	Marginal rate	Include in Paid Leave Type U
	Termination because of genuine redundancy, invalidity or approved early retirement scheme		32%	Leave Sum A, Type Code R
Long Service Leave	Normal termination (e.g., Voluntary resignation, employment terminated due to inefficiency, retirement)	Pre 16 August 1978	5% of total @ marginal rate	Lump Sum B
		16 August 1978 to 17 August 1993	32%	Leave Sum A, Type Code T
		Post 17 August 1993	Marginal rate	Include in Paid Leave Type U
	Termination because of genuine redundancy, invalidity or approved early retirement scheme	Pre 16 August 1978	5% of total @ marginal rate	Lump Sum B
		16 August 1978 to 17 August 1993	32%	Leave Sum A, Type Code R
		Post 17 August 1993	32%	Leave Sum A, Type Code R
Genuine Redundancy or Approved Early Retirement Schemes				
	Base Limit	For each completed year of service		Income Statement Label:
Tax free up to:	\$11,985	\$5,994		Lump Sum D
Amounts over the tax free portion	Employment Termination Payment (ETP) - see table below			
Pension Age				
Pension age is determined by the employee's year of birth. The following table summarises the current legislated pension age				
1 January 1954 to 30 June 1955	66 years		1 July 2019	
1 July 1955 to 31 December 1956	66 years and 6 months		1 July 2021	
On or after 1 January 1957	67 years		1 July 2023	
* The employee must be dismissed before the day they reach pension age for it to be a genuine redundancy.				

Terminations

Employee Termination Payments:

Income component derived by your employee in the income year	Age of person at the end of the income year that the payment is received	Component subject to PAYG withholding	Withholding rates (including Medicare Levy):	Cap to apply
**Life benefit ETP – taxable component Payment is because of: early retirement scheme genuine redundancy, invalidity compensation for personal injury, unfair dismissal, harassment or discrimination.	Under preservation age (see preservation age table)	Up to the ETP cap amount	32%	ETP cap
	Preservation age or over (see preservation age table)	Up to the ETP cap amount	17%	ETP cap
	All ages	Amount above the ETP cap amount	47%	ETP cap
**Life benefit ETP – taxable component Payment is: a 'golden handshake' non-genuine redundancy payment severance pay, a gratuity, in lieu of notice, for unused sick leave for unused rostered days off.	Under preservation age (see preservation age table)	Up to the relevant cap amount	32%	Smallest of ETP cap and whole-of-income cap
	Preservation age or over (see preservation age table)	Up to the relevant cap amount	17%	Smallest of ETP cap and whole-of-income cap
	All ages	Amount above the relevant cap amount	47%	Smallest of ETP cap and whole-of-income cap
Invalidity portion only	All ages		Tax Free	
Pre 01/07/83 Component only	All ages		Tax Free	
Death benefit ETP paid to non-dependants – taxable component	All ages	Up to the ETP cap amount	32%	ETP cap
		Amount above the ETP cap amount	47%	ETP cap
Death benefit ETP paid to dependants – taxable component	All ages	Up to the ETP cap amount	Nil	ETP cap
		Amount above the ETP cap amount	47%	ETP cap
Death benefit ETP paid to a trustee of a deceased estate	All ages	-	Nil	-

Employment Termination Payment Caps

	ETP Cap	Whole of Income Cap
Current ETP Caps:	The ETP cap is a limit on how much of the ETP receives concessional tax treatment. The amount over this cap will be taxed at the highest marginal tax rate.	The employee's assessable income is taken into account when taxing the ETP (e.g., YTD assessable income, unused AL/ LSL, etc.). The amount over this cap will be taxed at the highest marginal tax rate.
	\$235,000.00	> \$180,000.00

Terminations	
ETP types:	Life Benefit ETP
An ETP is a lump sum payment you make:	paid to an employee when their employment is terminated
	Death Benefit ETP
	paid to an employee's estate because their employment has been terminated due to death
Preservation age	
Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
From 1 July 1964	60
Notice Periods (NES)	
Not more than 1 year	1 week
More than 1 year, but not more than 3 years	2 weeks
More than 3 years, but not more than 5 years	3 weeks
More than 5 years	4 weeks
**The relevant notice period increases by 1 week if the employee is over 45 years old and has completed at least 2 years' continuous service with the employer.	
Redundancy Pay (NES)	
At least 1 year but less than 2 years	4 weeks
At least 2 years' but less than 3 years	6 weeks
At least 3 years' but less than 4 years	7 weeks
At least 4 years' but less than 5 years	8 weeks
At least 5 years' but less than 6 years	10 weeks
At least 6 years' but less than 7 years	11 weeks
At least 7 years' but less than 8 years	13 weeks
At least 8 years' but less than 9 years	14 weeks
At least 9 years' but less than 10 years	16 weeks
At least 10 years	12 weeks
**Check your award, industrial instrument or employee contracts for potential different entitlements for notice periods or redundancy pay	

Individual Tax Rates

Resident tax rates 2023 - 2024

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

Foreign Resident Tax rates 2023 - 2024

Taxable income:	Tax on this income:
0 – \$120,000	32.5 cents for each \$1
\$120,001 – \$180,000	\$39,000 plus 37 cents for each \$1 over \$120,000
\$180,001 and over	\$61,200 plus 45 cents for each \$1 over \$180,000

Working Holiday Makers 2023 - 2024

Taxable income:	Tax on this income:
0 – \$45,000	15%
\$45,001 – \$120,000	\$6,750 plus 32.5 cents for each \$1 over \$45,000
\$120,001 – \$180,000	\$31,125 plus 37 cents for each \$1 over \$120,000
\$180,001 and over	\$53,325 plus 45 cents for each \$1 over \$180,000

STSL Withholding Rates

<https://www.ato.gov.au/Rates/HELP,-TSL-and-SFSS-repayment-thresholds-and-rates/>

Child Support Protected Earnings Amounts from 1 January 2023 to 31 December 2023

Pay cycle	PEA calculation	
Weekly	\$456.53	
Daily	$\$456.53 \div 7 \text{ days} = \65.21857	
Fortnightly	$\$456.53 \times 2 \text{ weeks} = \913.06	
4 weekly	$\$456.53 \times 4 \text{ weeks} = \$1,826.12$	
Monthly	$\$65.21857 \times 30.4375 \text{ days per month} = \$1,985.09$	
High Income Threshold	\$167,500	
ATO Cents Per Kilometre Rate	.85c per kilometre**	Tax free for the first 5,000 business kms reimbursed each financial year
ATO Overtime Meal Allowance Reasonable Amount	\$35.65	Overtime meal allowances up to the reasonable amount are not taxable or reportable. Amounts above the reasonable amount are taxable, with the whole amount reported as MD
ATO Reasonable Travel Allowance Amounts	TD2023/3	https://www.ato.gov.au/law/view/view.htm?docid=%22TXD%2FTD20233%2FNAT%2FATO%2F00001%22

**check your award or industrial instrument which may provide for a different rate

Individual Tax Rates

Fringe Benefit Gross Up rates (April 1 2023 - 31 March 2024)

Type 1 - Higher Gross up rate	2.0802
Type 2 - Lower Gross up rate	1.8868

Superannuation

Superannuation Guarantee	11%
Quarterly Maximum Super Contribution base	\$62,270.00

** The maximum super contribution base is used to determine the maximum limit on any individual employee's earnings base for each quarter of any financial year. Employers do not have to provide the minimum support for the part of earnings above this limit. Unless provided for otherwise in an employees contract or industrial instrument.

Payroll Tax 2023 – 2024

State	Monthly Threshold (Total Australian wages)	Yearly Threshold (Total Australian wages)	Rate
NSW	\$101,639 (31 days) \$98,361 (30 days) \$95,082 (29 days)	\$1,200,000	5.45%
VIC*	\$54,166	\$700,000	4.85% (1.2125% if 85% of wages paid to regional employees) + Mental Health surcharge + COVID surcharge
SA	Is advised when you log in each month.	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% Regional employers may be entitled to a 1% discount rate until 30 June 23.
TAS	\$105,874 (31 days) \$102,459 (30 days) \$99,044 (29 days)	\$2,000,000 \$1,250,000 - \$2,000,000	6.10% 4.00%
ACT	\$166,667	\$2,000,000	6.85%
NT	\$125,000	\$1,500,000	5.50%
WA	\$83,333	\$1,000,000 \$1,000,000 to \$7,500,000 - diminishing threshold applies	5.50%

*Vic - From 1 July 2023, large businesses with national payrolls above \$10 million a year will temporarily pay additional payroll tax. A rate of 0.5% will apply for businesses with national payrolls above \$10 million, and businesses with national payrolls above \$100 million will pay an additional 0.5%. The additional rates will be paid on the Victorian share of wages above the relevant threshold and are estimated to raise \$3.9 billion to repay COVID Debt over four years. It is expected these tax changes will apply until 30 June 2033.

MEMBERS WEBINAR

Our July webinar will be held on **26th July at 1pm (Sydney time)** where we will be looking at the SG Charge Statement