



MEMBERS UPDATE

————— JUNE 2024 —————

Welcome to the June 2024 member's update

In this month's members update we look at:

- Payroll Tax updates
- Casual Conversion changes
- Retail Award Break changes



Payroll Tax

The following states and territories have released their budgets for the year which also included changes to Payroll Tax.

VIC - The 2024-2025 Budget included a slated increase in the tax-free threshold from \$700,000 to \$900,000 from 1 July 2024, with a further increase to \$1 million from 1 July 2025. In addition, from 1 July 2024, the tax-free threshold will phase out for each dollar of wages a business pays over \$3 million, with wages over \$5 million not benefiting from the threshold.

Furthermore, an additional prior year measure that takes effect from 1 July 2024, is the removal of the payroll tax exemption for certain high fee-paying non-government schools.

WA - No Changes

NT - No Changes

The following states/territories have not released their budgets so far this year. They will be released by the treasury for the different states and territories on the following dates.

ACT - Released week commencing 24/06/2024.

SA - Released 06/06/2024.

NSW - Released 18/06/2024.

QLD - Released 11/06/2024.

TAS - No release date so far

Casual Conversion changes 26th August

Currently Casual employees who have worked for their employer for 12 months with a regular pattern of hours need to be offered the option to convert to full-time or part-time (permanent) employment. Small business employers would only have to do this if the employee requested it. Certain eligibility requirements need to be met for this to occur. However, from the 26th of August 2024, a new pathway will be introduced for eligible employees to change to permanent employment if they want to. This will replace the current rules for changing to permanent employment.

Employees will be able to notify their employer of their intention to change to permanent employment if the employee:

- has been employed for at least 6 months (or 12 months if working for a small business employer)
- believes they no longer meet the requirements of the new casual employee definition.

Employees can't notify their employer of their intention to change to permanent employment if they:

- are currently engaged in an ongoing dispute with their employer about casual conversion, or
- in the last 6 months:
 - their employer refused a previous notification.
 - they've resolved a dispute with their employer about casual conversion.

A new CEIS (Casual employment information statement) will be available from August. The CEIS will now need to be provided to:

- new casual employees before, or as soon as possible after, the start of their employment
- all casual employees employed by non-small businesses as soon as possible after
 - 6 months of employment
 - 12 months of employment and every subsequent period of 12 months of employment
- all casual employees of small businesses as soon as possible after 12 months of employment.

Example: Casual conversion

Mariana works as a casual cleaner at a large contract cleaning company.

Mariana has been working for her employer for 9 months. Mariana's employer:

- rosters Mariana to work every week from 8am to 1pm, Monday to Friday
- as an increasingly busy cleaning company, has always been able to offer her work.
- believes it's reasonably likely Mariana will have ongoing work available in the future.
- has part-time employees working in the same role.

Mariana believes that she no longer meets the definition of casual employee.

Mariana tells her manager, Victor, that she intends to change to part-time employment. She provides the notification to him in writing. Victor then organises a meeting with her.

In the meeting, Mariana explains why she believes she can change to part-time work. Victor agrees and they discuss how many hours Mariana would like to work. They also discuss when the change would happen.

Victor responds in writing within 21 days of Mariana providing the notification and agrees to the change to part-time employment. He includes details of her new working hours and when it will take effect.

- Discuss with your business/HR team about the new process

Retail Award Break changes

The Fair Work Commission has revised the wording of the General Retail Industry Award regarding employee pay rates when minimum breaks between shifts are not provided.

Employees are entitled to a higher pay rate if they work a shift without a 12-hour break between shifts (or 10 hours by agreement). All hours worked without this required break are to be paid at 200% of the minimum hourly rate until the employee receives the required break of 12 hours (or 10 by agreement).

The previous version of the award required employers to pay the employee at double the rate they would have been paid for that shift. The change now requires the employer to pay at double (200%) of the employees' minimum hourly rate instead.

All ordinary hours worked on public holidays are paid at the penalty rates specified in the award, and Casual employees also receive their casual loading, calculated on their minimum hourly rate.

These changes took effect from the first full pay period starting on or after May 14, 2024.

Example: Employee starts work without having minimum break between shifts

Felix is a part-time employee working:

3pm – 8:30pm Thursdays

8:30am – 4pm Fridays

9am – 3pm Saturdays

There's no agreement for a shorter minimum break period between shifts. Felix is entitled to a minimum of 12 hours break between shifts.

Felix is asked to stay back and close shop on a Thursday. Felix finishes work at 9pm. The next day, Felix starts work at their usual time without getting a 12-hour break between shifts.

For the hours worked on Friday, Felix gets 200% of the minimum hourly rate because Felix doesn't get a 12-hour break between their shifts.

Starting work later the next day to get 12 hours break between shifts.

If Felix is asked to start later Friday morning so they get the minimum break, Felix is still paid from the time they usually start work until the conclusion of their shift at the ordinary pay rate.

<https://www.fairwork.gov.au/newsroom/news/changes-breaks-between-work-periods-retail-award>

Payroll Compliance – Check where your cents per kilometres are being processed

An employees award or agreement will specify what rate the cents per kilometre should be paid at. If an employee is award free, then the employer should advise what rate the cents per kilometre should be paid at (this may be in a company policy).

Cents per kilometres should be set in the payroll system under two codes. One that is exempt from PAYG and one that is not exempt. Under STP Phase 2, Cents per km allowance should be reported as allowance type CD and does not attract superannuation. You must include cents per kilometres in the employee's income statement as a separate total allowance.

As the first 5,000 km up to .85 cents per kilometre is exempt from PAYG, you should talk to your system provider to see how you can keep an eye on when they go over 5,000 kilometres. This may be through a report.

Example: Joan uses her personal car to take stock to another store. She is covered under the General Retail award. She travels 5,300 km in the financial year. The award states that she gets .95 cents for each kilometre.

STP P2 CD – 5,000 km x .85 cents (current financial year)	= \$4,250 Tax free
STP P2 CD – 5,000 km x .10 cents	= \$ 500 Taxed
STP P2 CD - 300 km x .95 cents	= \$ 285 Taxed

FAQ

Q. We pay the June 2024 payroll on the 2nd of July 2024. What rate of Superannuation do we pay?

- A. The super guarantee (SG) rate will also increase from 11% to 11.5% on 1 July 2024. You'll need to use the new rate to calculate super on payments you make to employees on or after 1 July, even if some or all of the pay period is for work done before 1 July. The SG rate is legislated to increase to 12% by 2025.

Make sure you update your payroll and accounting systems so that you continue to pay the correct amount of super for your employees.

Example: If an employees pay is from the 1st of June to the 30 June and the wages are paid on the 5th of July, the superannuation will be paid at 11.5%.

<https://www.ato.gov.au/tax-rates-and-codes/key-superannuation-rates-and-thresholds/super-guarantee>

Q. Can I change the payroll date because it falls too close to EOY?

A. We would recommend not to change the company's payroll date to fit a pay run into the current financial year, as it can affect many different areas such as an employees:

- PAYG - there will a change in the new financial year with PAYG. If you are moving the payroll to be in the current financial year instead of the next one, they will be taxed under the current rates rather than the new rates
- Superannuation – In the new financial year an employee would have superannuation at 11.5% instead of 11%. In this case the employee will be receiving superannuation at a lower rate
- Income statement (year) will differ – Any pay days up to 30th June will be included in this years' Income Statement

MEMBERS WEBINAR

Our June webinar will be held on Wednesday **26th June at 1pm (Sydney time)** This month's topic will be **2023-24 Year in Review**