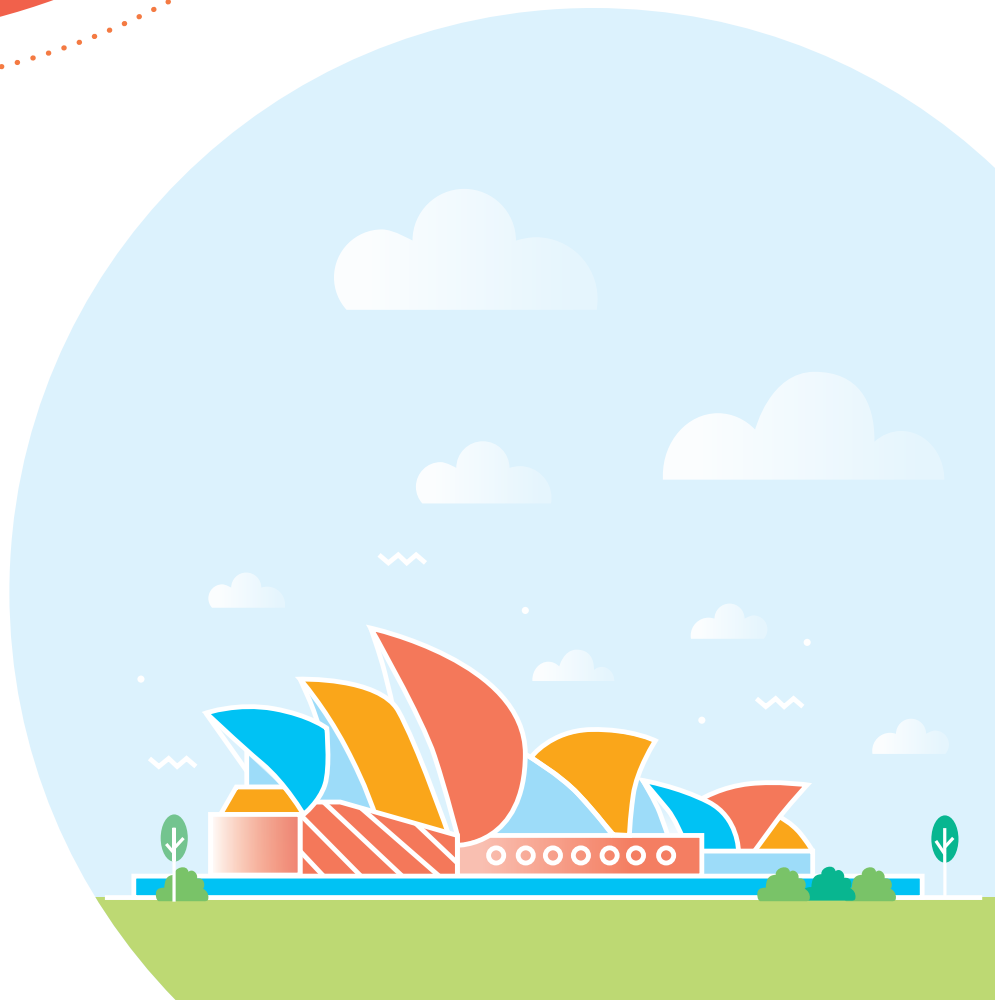


Going International:

Your **Global** **Payrolling** **Guide** for **Australia**

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Introduction: Australian Payrolling

While there are certain particulars to the Australia payroll system which are required and different to the US, contracting a reliable payroll company will ensure that these requirements are met in full. In addition to the things you can trust us to keep track of for you, employers in Australia need to know a few things relating to their obligations, which can differ by region at times.

Payroll tax rates are determined based on the territory or state and is calculated on the total monthly wages. Not all businesses are required to pay a payroll tax, which is paid when total Australian wages are more than the tax-free threshold for the territory or state. Tax rates and thresholds are determined regionally.



To find the threshold and payroll tax rate on the state or territory revenue office website:

- [ACT Revenue Office](#)
- [Northern Territory Revenue](#)
- [NSW Revenue](#)
- [Business Queensland payroll tax](#)
- [Revenue SA](#)
- [State Revenue Office of Tasmania](#)
- [State Revenue Office Victoria](#)
- [WA Office of State Revenue](#)



Employee Income Tax

Resident Tax Rates

Taxable Income	Tax on this income
\$0-\$18,200	Nil
\$18,201-\$37,000	19c for each \$1 over \$18,200
\$37,001-\$90,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$90,001-\$180,000	\$20,797 plus 37c for each \$1 over \$90,000
\$180,001 and over	\$54,097 plus 45c for each \$1 over \$180,000

The above rates do not include the Medicare levy of 2%.

Foreign Tax Rates

Taxable Income	Tax on this income
\$0-\$90,000	32.5c for each \$1
\$90,001-\$180,000	\$29,250 plus 37c for each \$1 over \$90,000
\$180,001 and over	\$62,550 plus 45c for each \$1 over 180,000



Entitlements, Social Security & Government Pensions

Employers must pay superannuation contributions totaling 9.5% of an employee's ordinary time earnings where the employee is paid more than \$450 before tax in any month and is over 18, or under 18 working over 30 hours a week. This applies to all full-time, part-time, and casual employees. Superannuation is paid every 3 months into the employee's nominated account.

Allowance

Allowances that form part of the employee's salary are taxed the same as salary, withheld by the employer unless an exception applies. Exceptions include where the entire allowance is meant to be spent on incidentals, such as accommodation, food, drink, or travel. If there is a record of travel allowances kept separately in accounting records, or where the allowance is not for overseas accommodation and related travel expense, or where the amount is equal to or less than reasonable expenses, taxes are not payable. If the exception is applicable, then tax is not withheld, and the amount of the allowance is not included on the employee payment summary and instead only shows up on the employee's payslip.

If the first two exception conditions are met but you pay your employee a travel allowance over the reasonable travel allowance rate, you are required to withhold tax from the amount that exceeds the reasonable travel allowance rate. Employers are also required to withhold tax from a travel related allowance when it relates to overseas accommodation and include the amount of the travel allowance in the allowance box on the employee's payment summary.



Australia has one of the most multicultural populations in the world, with more than 300 different ancestries and 28% of residents being born overseas.

AUSTRALIAN BUREAU OF STATISTICS'



Employee Leave Legislation

Employee leave can fall into maternity or parental leave, personal or career's leave, compassionate leave, community service leave, or long service leave.

Employees are required to work for an employer for 12 months before becoming eligible for unpaid maternal leave. Paid maternal leave is generally provided by the government unless the employer company has a parental leave policy.

All employees are eligible for unpaid parental leave after the 12 month work requirement with an employer is met.

10 days of paid leave can be taken annually for personal carer needs where the employee is not fit to work due to personal illness or injury, including

pregnancy related illnesses, or they have to provide support to a member of their immediate household or family who has an unexpected illness, injury or emergency.

2 days of compassionate leave is legislated for in cases where an employee's immediate family dies or sustains a serious injury or illness. Community service leave is allowed for any employee involved in an eligible community service activity such as jury service or natural disaster emergencies.

Long service leave is governed regionally within each territory or state and can normally only be taken after an employee works 10 years continuously, is normally paid at the ordinary rate of pay and cannot be cashed out except at termination.

PTO and Holidays



Minimum leave entitlements for employees are set by the [National Employment Standards \(NES\)](#).

Employees receive 4 weeks of annual leave based on their normal hours of work if they are full-time or part-time workers, and shift workers can take up to 5 weeks annual leave. Leave accumulates from the first day of employment rather than after the probation period and any unused leave rolls over to the next year.

Annual leave can accumulate when employees are on any paid leave including annual leave, jury duty, community service, and long service leave. It does not accrue when the employee is on an unpaid annual leave or other unpaid leave.

National Public Holidays are New Year's Day, Australia Day (January 27th) , Good Friday, Easter Monday, Anzac Day (Anzac Day), Christmas Day and Boxing Day. To check regional holidays please see:

www.officeholidays.com/countries/australia/2020/



Employment Types

Employment types in Australia include full-time, part-time, casual, fixed term, daily hire, weekly hire, shift workers, outworkers, and probation. Outworkers are common in footwear and textile industries where the employee performs the work somewhere other than the business premises.

Important Employment News

The Fair Work Act was amended on April 9th 2020 to support the implementation and operation of the JobKeeper Scheme. From September 28th 2020, businesses and not-for-profits which seek to claim JobKeeper payments will need to reassess their eligibility for the JobKeeper extension with reference to their actual turnover between June and September 2020.

Businesses and not-for-profits alike, under the amendment to the Act, must be able to demonstrate that they meet the relevant continuing decline in turnover test for both of those quarters in order to be eligible for JobKeeper for the periods September 28th 2020 to January 3rd 2021. There will also be need for another assessment in January 2021 for the next period to which businesses and not-for-profits will have to show they meet the same continuing decline test.

“Australia’s working population has more than **1,000** different occupations to choose from, with General Sales Assistants being the most popular.

AUSTRALIAN BUREAU OF STATISTICS¹



Termination of Employment Contract

Employers are generally not able to terminate employment unless written notice was given to the employee stating their last day of employment. The employer can pay the employee for the period in lieu of notice or allow them to work out the notice period. There are different rules for small businesses relating to dismissal, set out in the Small Business Fair Dismissal Code (the Code). Small businesses are defined as those which have less than 15 employees.



Termination cannot happen without either payment in lieu of notice or giving the minimum period of notice, and in either case, written confirmation of the choice must be given to the employee with the effective termination date. The full pay rate will be inclusive of any incentive payments, bonuses, monetary allowances, loadings, overtime, or other streams which are separate from their base pay and normally paid.

If the employee is over 45 years of age and they completed two years of service or more for the business, they are allowed an additional week of notice period.

Period of continuous service	Minimum notice period
1 year or less	1 week
More than 1 year - 3 years	2 weeks
More than 3 years - 5 years	3 weeks
More than 5 years	4 weeks

Notice of termination does not need to be given to casual employees, seasonal or fixed-term employees, employees fired for serious misconduct, employees who have a training arrangement for a specific length of time other than an apprentice, or are daily or weekly hire employees connected to the construction industry, meat industry, or any seasonal industry.



Payroll Cycles & Considerations

The manufacturing industry pays on a bi-weekly cycle in Australia whereas all others tend to pay on a monthly cycle. The processing window is six days for most payrolls.

Employees are also generally paid what is called '13 month pay' if they have completed one month during the calendar year, which is calculated at one twelfth of the total basic salary earned during the year.

Working Hours and Minimum Wage

The national minimum wage is \$753.80 for 38 hours, or \$19.84 per hour. There are decreased rates for [apprentice or trainee](#) employees, and for employees with reduced work capacity due to disability, (employees with disability pay rates).

Interested in learning more about our global payrolling capabilities?

Check out our [interactive map](#) for more information on all of the countries we can help with payrolling in.

Questions? [Contact us](#) for any answers you may have.



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