

Employing Staff in Australia

Payroll Tax and Workers Compensation Obligations

Fact Sheet

If you are employing staff in Australia for the first time, this fact sheet will help you understand your payroll and worker's compensation obligations.

Payroll Tax

Payroll tax liability arises when an employer's wage liability is in excess of the payroll tax threshold for that particular year. Each state and territory maintains its own payroll tax legislation, and variances exist between them.

NSW Payroll Tax Rates and Thresholds

In NSW, the threshold for the 2011-12 financial year is \$678,000. From 1 July 2011, the rate is 5.45%.

Your monthly threshold is calculated using the number of days in the month, divided by the number of days in the year, multiplied by the threshold.

Days in month	Threshold
29	\$53,721
30	\$55,574
31	\$57,426

Due Date for Payment

Your monthly payment (July to May) or 'nil' remittance is due **seven days after the end of each month**, or the next business day if the seventh day is a weekend or public holiday.

Exemptions

Not all wages to employees are included in the employer's total wage liability for the purposes of payroll tax. Some wages are exempt from payroll tax. Exemptions vary according to jurisdiction, though some of them are common across all states and territories. In NSW, exemptions are available for, amongst other things:

- + Non-profit organizations
- + Schools that provide education at secondary level and below
- + Health care service providers
- + Local government

Payroll Tax Rebate

NSW also operates a Payroll Tax Rebate Scheme, to incentivise employment of new workers and expansion of enterprises. Businesses that increase the number of full-time equivalent employees for a period of at least two years will receive a payroll tax rebate for the employment of each additional employee in a position that is a new job. Preference is given to non-metropolitan areas. The rebate is subject to a variety of conditions and you must register to be eligible.

For a list of exemptions in NSW please visit: http://www.osr.nsw.gov.au/taxes/payroll/general/exempt_wages/

and for more information on the Payroll Tax Rebate Scheme, please visit:

http://www.osr.nsw.gov.au/taxes/payroll/job_scheme/

Payments to Contractors

Payments to contractors may also be subject to payroll tax. With the exception of Western Australia, the general rule is that all payments made to contractors will be taxable if the contract stipulates that the hiring business:

- + Supplies services relating to work or is supplied with services relating to work
- + Gives out goods to natural persons for the resupply of those goods to the hiring business or another member of a group containing the hiring business
- + No exemptions apply

For more information on payroll tax, please visit:

<http://www.ato.gov.au/individuals/content.aspx?menuid=0&doc=/content/16857.htm&page=27&H27>

<http://www.osr.nsw.gov.au/taxes/payroll/>

Worker's Compensation

An employer, a person or business that employs or hires workers on a regular basis, must have a workers compensation insurance policy.

When a worker is injured or has exacerbated an existing injury in the course of employment, he or she may claim for workers compensation.

The term 'worker' generally refers to someone who receives a wage or commission. Certain contractors however, can also fall under the definition of worker due to *deemed worker* provisions. This is usually the case when contractors are under labour hire service agreements. Different workers compensation schemes operate in each State and Territory. The varying schemes differ in rules of eligibility and levels of compensation available.

Worker's Compensation in NSW

In NSW, employers must have a worker's compensation policy if they pay more than \$7500 in wages per annum, employ an apprentice or trainee, or are part of a group.

Under the NSW Workers Compensation System, injured workers may be entitled to weekly payments, lump sums for permanent impairment, payment of medical bills and intensive rehabilitation assistance.

For more information about the NSW workers compensation scheme, please visit: <http://www.workcover.nsw.gov.au/aboutus/workerscompensation/Pages/default.aspx>

You can find out more at www.ato.gov.au/business - Paying Staff

You may also be affected by other federal, state and territory legislation. Find out more at www.business.gov.au

Alternatively, please contact your Accru adviser.

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