

# Employer Year-End Checklist

## 2021

**/ GEELONG**

101 West Fyans Street  
PO Box 386  
Geelong VIC 3220  
**PHONE** 03 5221 6399

**/ TORQUAY**

6 Walker Street  
PO Box 125  
Torquay VIC 3228  
**PHONE** 03 5261 2029

**/ DIRECTORS**

Clinton Fraser CA  
Justin McGrath CPA  
Kylie McEwan CPA ATIA  
Stephen Wight CA  
Stephen Kirtley CA

Davidsons Pty Ltd  
ACN 083 146 892 / ABN 89 820 578 236

[info@davidsons.com.au](mailto:info@davidsons.com.au)

**[davidsons.com.au](http://davidsons.com.au)**



## Action List

Tick the areas that you need to review as part of your year end process and read through the content included per the page reference.

| Task   | Page Number | Y/N |
|--|-------------|-----|
| <b>PAYG Withholding:</b>                                       |             |     |
| PAYG Withholding Tax & Payment Summaries for Non STP Reporters | 3           |     |
| PAYG Withholding Tax & Payment Summaries for STP Reporters     | 3           |     |
| Single Touch Payroll Registration Requirements                 | 3           |     |
| PAYG Withholding Payment and Lodgement Requirements            | 4           |     |
| <b>Fringe Benefits Tax:</b>                                    |             |     |
| Reportable Fringe Benefits                                     | 4           |     |
| <b>Superannuation:</b>   |             |     |
| Reportable Employer Contributions                              | 4           |     |
| Superannuation Guarantee Charge                                | 5           |     |
| Superannuation Contributions                                   | 5           |     |
| Superannuation Choice  | 5           |     |
| Super Stream   | 6           |     |
| <b>Other Items:</b>  |             |     |
| Payroll Tax  | 7           |     |
| Work Cover   | 8           |     |
| Tax Rates  | 8           |     |
| Employer or Contractor   | 8           |     |
| Taxable Payments Annual Report                                 | 9           |     |
| Labour Hire Providers  | 9           |     |
| Payroll Systems and Records Review                             | 10          |     |



## **PAYG Withholding Tax & PAYG Payment Summaries – 30 June 2021**

### **STP Reporting not in place during 2021 Year:**

Employers who have *not yet* commenced reporting through Single Touch Payroll must complete PAYG Payment Summaries and issue copies to each employee by 14 July 2021.

The original Payment Summaries must be forwarded to the Australian Taxation Office after 30 June 2021, but no later than 14 August 2021, together with the PAYG Payment Summary Statement. This should reconcile to the total amount remitted to the Australian Taxation Office during the income year with the total amount of instalment deductions shown on the individual Payment Summaries.

The final payment of withholding tax for the year ended 30 June 2021 will be made as part of the June 2021 Business Activity Statement which is due for lodgement on the 28 July 2021. If you report monthly, your due date is 21 July 2021.

### **STP Reporting in place during 2021 Year:**

Employers who *have* commenced reporting through Single Touch Payroll may be exempt from the above as this information will be made available to your employees online through myGov.

To be exempt you must have been reporting via STP for the whole 2020 – 21 year and make a finalisation declaration for your employees as part of your STP reporting. This can be done anytime during the year for employees who have ceased employment, or after the financial year up to 14 July for all current employees.

The ATO will then pre-fill the employee's income tax return and display it as "tax ready" in myGov.

## **Single Touch Payroll**

Single Touch Payroll (STP) reporting started from 1 July 2018 and should now be in place for all employers apart from employers that only have closely held employees, who should commence STP reporting from 1 July 2021

There are some concessional reporting arrangements in place for micro employees.

For more information on Single Touch Payroll click [here](#) or contact our office for assistance.



## **PAYG Withholding – Payment & Lodgement Requirements**

Employers are required to lodge all PAYG withholding reports and make all PAYG withholding related payments on time.

Failure to comply with this requirement will mean that the Employer will not be entitled to a tax deduction for the gross payments it makes to its employees.

Examples of non-compliance will include nil lodgements of Activity Statements as well as any non-payments of PAYG withholding.

With STP in place for most Employers, the ATO will have more data in relation to your PAYG withholding obligations so it is important that you manage your lodgement and payment requirements to protect the deductibility of your employment related expenses.

## **Reportable Fringe Benefits**

Where applicable, employers will be required to report on Employee Payment Summaries or through Single Touch Payroll any Reportable Fringe Benefit amounts. These amounts are disclosed on the Fringe Benefits Tax return for year ended 31 March 2021.

## **Reportable Employer Superannuation Contributions**

Employers that make Reportable Employer Superannuation Contributions (RESCs) on behalf of an employee for an income year are required to report these amounts, either on the employee's payment summary or through Single Touch Payroll.

RESC's are amounts contributed to super on behalf of employees where the employee had the capacity to influence the amount of the contribution. As such, these would include personal contributions, additional salary sacrifice amounts and amounts over the current 9.5% required by the super guarantee legislation (unless all employees receive the same and there is no negotiation).

The RESC amounts reported on the payment summary will be included in income tests to determine whether the employee is entitled to claim certain tax and non-tax concessions, or is liable for certain tax and non-tax obligations including:

- Senior Australians Tax Offset
- Dependant Tax Offsets
- Centrelink and Child Support benefits and obligations



### **Superannuation Guarantee Charge**

For the 2020/2021 year, the charge percentage is 9.5%. **This will increase to 10% for the financial year commencing 1 July 2021.**

Based on current plans, the superannuation guarantee will continue to increase by 0.5% each year up until it reaches 12%.

If the minimum level of superannuation support is not paid to a complying superannuation fund, Superannuation Guarantee Surcharge may be levied. The payment of the Surcharge is not tax deductible.

It is important to note that directors are personally liable for any unpaid employee superannuation.

### **Superannuation Contributions**

For the 2020/21 and 2021/22 year the concessional contribution limits are as follows:

|         | <b>Concessional<br/>Contribution Limit<br/>(all ages)</b> |
|---------|---|
| 2020/21 | \$25,000  |
| 2021/22 | \$27,500  |

Please review any existing arrangements to ensure contribution limits are not exceeded.

Further, it is important for individuals to monitor all superannuation contributions made on their behalf and by them personally to avoid excess contributions tax.

### **Superannuation Choice**

Since 1 July 2005, employers have been required to offer superannuation choice to all “Eligible Employees.”

Eligible employees must receive a “Standard Choice Form” from their employer within 28 days of their start date.

Once the choice has been made by an employee, the employer must pay into the employee’s chosen fund, any superannuation guarantee contributions which fall due two months after the employee has given notice.

Since 1 July 2008, each employer’s default fund must offer minimum life insurance death cover to members.



## **Super Stream**

All employers should be currently paying superannuation contributions in an appropriate electronic format to comply with SuperStream data standards.

All superannuation funds, must receive contribution details electronically in accordance with this standard.

SuperStream is mandatory for all employers making super contributions.

However, contributions sent to an SMSF that are from a related-party employer are exempt from SuperStream and can be made using existing processes.

For employers it will generally not be necessary to understand the technical detail of SuperStream as the new data requirements can be sourced from a complying payroll system.

Please review your current payroll software system to ensure it is SuperStream compliant.



## **Payroll Tax**

Payroll tax is a state tax on the wages you pay to employees over a certain threshold.

The term 'wages' includes wages, salaries, allowances, bonuses, commissions, superannuation, fringe benefits, termination payments and certain sub-contractor payments.

**Note - The Victorian payroll tax thresholds from 1 July 2020 to 30 June 2021 are \$54,166 monthly and \$650,000 annually on all applicable wages. If the level of your wages exceeds these amounts and you are not registered for payroll tax, prompt registration is required to avoid any penalties.**

The current payroll tax rate is 4.85% for standard employers and 2.425% for regional employers.

\*To be an eligible regional employer, the ABN registered business address must be in regional Victoria and at least 85% of total Victorian wages must be paid to employees who work mainly in regional areas.

The due date for lodgement of the Victorian Payroll Tax Annual Reconciliation by all employers for the 2021 year, is 21 July 2021.

Deferral of 2020-21 payroll tax liability for eligible employers is available. Employers who lodge by 27 August 2021 and have Victorian payrolls of up to \$10 million, calculated based on the 2019-20 financial year annual reconciliation returns, are able to defer the 2020-21 payroll tax liability to the 2021-22 financial year. Payment can be made in four quarterly instalments throughout the 2021-22 financial year, being:

- At least 25% of the 2020-21 liability will be due on 7 September 2021.
- At least 50% of the 2020-21 liability will be due on 7 December 2021.
- At least 75% of the 2020-21 liability will be due on 7 March 2022.
- Any outstanding balance of the 2020-21 liability will be due on 7 June 2022.

Eligible employers will also be entitled to partial/full payroll tax waivers for the 2020-21 and 2021-22 financial years as part of the New Jobs Payroll Tax Credit. Eligible employers will receive a credit of 10 cents for every dollar of Victorian taxable wages paid in the relevant designated financial year that are above the previous financial year's wages. The credit will be applied against the employer's payroll tax liabilities at the end of the relevant designated financial year. The waiver may partially or fully extinguish the payroll tax liability for an eligible employer for the designated year.

An employer or a group of employers is eligible for the relief if their total Australian wages (i.e. Victorian taxable wages plus interstate wages) do not exceed \$10 million in the financial year preceding the designated financial year. There are other eligibility requirements which must be met and this will depend on whether or not the employer is a member of a payroll tax group as at 30 June of the relevant designated financial year.

### **Victorian State Budget 2021-22**

The recent budget announced changes in the payroll tax threshold and payroll tax rates for regional employers. This includes:

- An increase in the tax-free threshold for payroll tax from \$650,000 to \$700,000 brought forward to 1 July 2021; and
- A decrease in the payroll tax rate for regional employers from 2.02% to 1.2125% brought forward to 1 July 2021.



## **Work Cover**

During late June to early July, employers with WorkCover policies should receive a Certificate of Rateable Remuneration Form. Employers need to confirm the amount of Remuneration paid during the 2020/2021 financial year. The definition of remuneration includes salary and wages, certain sub-contractor payments, superannuation and fringe benefits paid on behalf of employees.

By late August, employers should receive a statement which accounts for any shortfall or excess in WorkCover premium paid in the 2020/2021 financial year and accordingly, will either receive a refund or an invoice for payment of the shortfall.

Penalties will apply if actual Certified Remuneration is 20% higher than the last estimated amount notified. **If your current estimate is understated, you should advise your insurer prior to 30 June 2021 to avoid any penalties.** Allowance should also be made for any large wages or superannuation payments made as part of year-end tax planning.

## **Personal Income Tax Rates**

There are no changes forecast for the 2021/22 income tax brackets with the next round of changes scheduled for July 2023.

Whilst there are no changes to the tax brackets forecast, it is prudent for you to check that you are using the relevant tax tables.

## **Employee or Contractor**

Your business is responsible for ensuring each of your workers is correctly engaged as either an employee or contractor and that you are meeting the required tax and super obligations.

Before you enter into a work agreement or contract with a worker, you need to check whether the arrangement you are planning to enter is one of employment or contracting, as different tax and super obligations apply to each type of arrangement.

Further, you may need to consider an analysis of your existing arrangements given increased ATO scrutiny in relation to this matter.

The ATO provides a number of tools to assist you in determining whether you have an employment or contracting arrangement and your Davidsons team member can also assist you in relation to this matter.

For more information on employee versus contractors click [here](#).



## **Taxable Payments Annual Reports**

The Taxable Payments Annual Report must be lodged with the ATO by 28 August 2021 subject to the type of business you operate.

In relation to the 2021 financial year (capturing 1 July 2020 to 30 June 2021 payments), businesses in the following industries must complete the Report:

- Building & Construction
- Cleaning Services
- Courier Services
- Road Freight Services
- Information Technology (IT) Services
- Security, Investigation and Surveillance Services
- Mixed Services

The 30 June 2021 report contains information relating to payments you make to contractors and is used by the ATO to detect contractors who have not lodged income tax returns or have not included all of their income.

## **Labour Hire Providers**

In order to operate legally in Victoria from 30 October 2019, labour hire providers must hold a labour hire licence.

A labour hire provider is a business that has an arrangement with one or more individuals under which the business supplies those individuals to perform work as part of another business and the provider is obliged to pay the individual for the performance of the work.

Unlicensed labour hire providers may face substantial fines ranging from \$120,000 for individuals and \$500,000 for corporations.

Applications for a licence can be made with the [Labour Hire Authority](#)



## **Payroll System & Records Review**

Fair Work Inspectors undertake compliance activities from time to time as part of the Fair Work Ombudsman compliance program. Generally the reviews are completed without notice. The review covers areas including the following:

- General Employee Records – checking that certain information is being kept
- Payroll Records and Rates – checking that correct rates and calculations have been completed and paid
- Leave Records and Entitlements – checking that information maintained and calculations are correct
- Payslip and associated documentation – checking the correct information is provided and in the right format
- Award Rates & Qualifications – checking the correct awards are being applied in line with qualifications and job duties

The purpose of the review is to identify any areas that you as an employer have breached in relation to your employees. For any breaches identified the Fair Work Inspector will outline steps they expect the employer to take to rectify the breach and subject to the type of breach made, fines and penalties may be issued to the employer.

Our Davidsons payroll specialists can conduct a review of your payroll records and procedures to help you identify any areas of concern that Fair Work Ombudsman may raise under a formal Fair Work review.

For further information on our payroll system and records review, please contact us at [info@davidsons.com.au](mailto:info@davidsons.com.au) or on 0352216399 to speak with one of our specialists.



**Kylie McEwan**  
**Director**  
*Tax & Business Services*



**Clinton Fraser**  
**Director**  
*Tax & Business Services*



**Justin McGrath**  
**Managing Director**



**Stephen Wight**  
**Director**  
*Audit & Assurance Services*



**Stephen Kirtley**  
**Director**  
*Audit & Assurance Services*



## About Davidsons

Davidsons is a leading accounting and business advisory firm with offices in Geelong (Head Office) and Torquay.

By working to build long term relationships with both business and private clients, providing upfront pricing and by delivering specialist advice and knowledge to our clients for over 100 years we have established ourselves as a firm of choice within Geelong and our other operating regions.

We take pride in our values as they guide how we operate and include forming trusted relationships, having a client first approach to doing business, being forward thinking, operating with discipline and persistence and supporting family and community.

Whether you are looking for services to assist your business to grow and prosper, or as an individual to secure your financial future, we have a team of over 50 dedicated professionals ready to listen and work with you to achieve your goals.

With services including;

- Taxation Services
- Business Succession and Transition
- Business Advisory
- Audit & Assurance Services
- Bookkeeping & Cloud Accounting

**We partner with you to discover and build your path to financial freedom**

**What does your path look like? Let us help you find it.**

*Contact us today on 5221 6399 or [info@davidsons.com.au](mailto:info@davidsons.com.au)*

[www.davidsons.com.au](http://www.davidsons.com.au)