



First Impressions
BOOK KEEPING

PAYROLL GUIDE

FIRST IMPRESSIONS – UNDERSTANDING PAYROLL

FIRST TIME HAVING STAFF?

PAYROLL BASICS

Running a new business is no easy task, and it becomes even more complicated when the first employee is brought on board.

Paying staff brings a host of new responsibilities, including proper record keeping and tracking various superannuation accounts.

For new employers, paying staff can be a hassle. But it shouldn't be. We've put together a handy checklist for new employers to make paying staff easy:

1. *Checklist*
2. *Employees Details*
3. *Wages*
4. *Superannuation*
5. *End Of Financial Year Process*

*We have made this eBook to assist first time employers with the payroll system in Australia
This is a guide only and you should see specific advice from your Accountant or Bookkeeper to confirm your
individual needs are being met*



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SECTION 1 – CHECKLIST

HIRING STAFF CHECKLIST

- ① Register for PAYG withholding by visiting www.ato.gov.au (you can also do this when you first register for your ABN)
- ② Register for WorkCover in your state, each state has their own registered companies that regulate WorkCover
- ③ Ensure you have the correct employee awards and entitlements by visiting www.fairwork.gov.au
- ④ Register a MySuper fund as your default fund and stay up to date with super changes. Your income tax will need to be paid by 7th February in the following year if you have a 31st March balance date (or, if you have an accountant they can lodge by 7th April)
- ⑤ Purchase the most suitable accounting software that you will use for your business and set up payroll
- ⑥ Reconcile your PAYG withholding tax obligations for your monthly or quarterly BAS (depending on which reporting method you have selected)



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SECTION 2 – EMPLOYEES DETAILS

EMOLOYEE DETAILS – VITAL INFORMATION

Staff employment kit should be prepared and ready:

- ✓ Staff Information Sheet
- ✓ Tax Declaration Form
- ✓ Super Select Form
- ✓ Copy of Position Description
- ✓ Copy of Office Policies & Procedures
- ✓ Copy of Award Pay Information
- ✓ Copy of Agreed Extra Payments (eg: commissions)
- ✓ Letter of Employment/Engagement
- ✓ Copy of all WorkPlace Health & Safety Documents

SAMPLE OF STAFF INFORMATION SHEET →

STAFF DETAILS FORM

FULL NAME: _____
ADDRESS: _____
HOME PHONE: _____ MOBILE: _____

DATE OF BIRTH: _____

TAX FILE NUMBER: _____

SUPER FUND NAME: _____

SUPER FUND MEMBER NUMBER: _____

BANK ACCOUNT DETAILS:

BANK: _____

ACCOUNT NAME: _____

BSB: _____

ACCOUNT NUMBER: _____

OFFICE USE ONLY:

DATE COMMENCED: _____

EMPLOYMENT TYPE: FULL TIME / PART – TIME / CASUAL

WAGES: \$ _____ ANNUAL / WEEKLY / HOURLY

DATE FINISHED: _____

SUPER AGREED TO: 9.5% or other _____

COMMISSIONS: _____



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SECTION 3 – WAGES

KEEPING UP WITH YOUR OBLIGATIONS

From time to time, legislation and your obligations will change. To make sure you're up to date, sign up to our email update service. You'll get email updates about the annual wage review, changes to your obligations or entitlements, upcoming campaigns that could affect you and more.

- Visit fairwork.gov.au/emailupdates to sign up.

They also have an employer eNewsletter. Sent every two months, it has information relevant to employers, including common workplace myths, important dates and tips to help you hire and manage your employees.

- Visit fairwork.gov.au/newsletter to read past issues and sign up.

RECORD KEEPING AND PAY SLIPS

Easy compliance starts with good record-keeping. With the right paperwork in place you can:

- calculate wages, leave and other entitlements accurately
- reduce the overall time spent on payroll processing
- audit your own records to find any mistakes
- resolve any disputes over pay and other entitlements more easily
- avoid fines for not keeping the right records.



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SECTION 3 – WAGES

WHEN EMPLOYING STAFF YOU SHOULD:

- Find out the modern award or EA that will apply to the employee. If you're not sure which modern award applies, use our Award Finder tool, available from fairwork.gov.au/awards.
- Check which classification in the modern award or EA applies to the employee (i.e. Grade 2, Level 1). You can use this information when drafting a position description.
- Decide whether the position will be full-time, part-time or casual.
- Check the modern award or EA for conditions that will apply (e.g. whether the hours and days of work need to be agreed in writing or if penalty rates of overtime will apply).
- Find out the minimum rates of pay, penalties, loadings and allowances. You can use PACT, available from fairwork.gov.au/pay.
- Write a position description, including its duties and responsibilities, the skills and experience the employee will need and the hours you want the employee to work. This can also include the award, classification and status. You can use this to find a suitable person to do the job and also to give employees your expectations for the job.
- Give new employees a Fair Work Information Statement. You can download the Fair Work Information Statement from fairwork.gov.au/fwis.
- Give new employees a letter of engagement. While not a legal requirement, it's best practice to inform your new employees, in writing, about the terms and conditions of their employment. This can also include a copy of the position description. Template engagement letters



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SECTION 3 – WAGES

NATIONAL EMPLOYMENT STANDARDS

From 1 January 2010, the National Employment Standards (NES) have provided a safety net for all employees covered by the national workplace relations system. The 10 NES are:

- ✓ Maximum weekly hours of work - 38 hours per week, plus reasonable additional hours.
- ✓ Requests for flexible working arrangements - an entitlement allowing employees in certain circumstances as set out in the *Fair Work Act 2009* to request a change in their working arrangements because of those circumstances.
- ✓ Unpaid parental leave and related entitlements - up to 12 months unpaid leave, plus other entitlements. These include the right to request an extra 12 months unpaid leave and the right to return to the pre-parental leave position.
- ✓ Annual leave - 4 weeks paid leave per year, plus an extra week for some shift workers.
- ✓ Personal / carer's leave and compassionate leave - 10 days paid personal / carer's leave per year, 2 days unpaid carer's leave as needed, and 2 days compassionate leave (unpaid for casuals) as needed.
- ✓ Community service leave - unpaid leave for voluntary emergency activities and leave for jury service.
- ✓ Long service leave (LSL) - an entitlement for some employees with LSL entitlements before 1 January 2010,
- ✓ Public holidays - a paid day off on a public holiday, except where reasonably requested to work.
- ✓ Notice of termination of employment and redundancy pay - based on age and/or length of service.
- ✓ Provision of a Fair Work Information Statement (FWIS) - employers must provide this statement to all new employees. Download the [FWIS](http://fairwork.gov.au/fwis) from fairwork.gov.au/fwis.
- ✓ Employees may also be eligible for paid parental leave, through the Government funded Paid Parental Leave Scheme and/or through an employer funded arrangement in an agreement, policy or contract.



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SECTION 4 – SUPERANNUATION

SUPER INFORMATION

Business owners must pay a contribution of a minimum of 9.5% (current for 2015) of each eligible worker's ordinary time earnings in super contributions, each quarter. This obligation is called the superannuation guarantee.

Quarter	Payroll Period	Lodgement and Payment due date
Quarter 1	1 July – 30 September	28 October
Quarter 2	1 October – 31 December	28 January
Quarter 3	1 January – 31 March	28 April
Quarter 4	1 April – 30 June	28 July

HOW TO PAY SUPER

Business owners can make super payments directly to the superannuation fund that their employees choose. They can pay via cheque, bank transfer or directly from their accounting software packages.

They can automate the process of making super payments. It's as easy as selecting 'Pay Super', choosing which contributions to pay and then approving the payment. The accounting program will take care of the payment and transmission of the information through to the super fund.



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SECTION 4 – SUPERANNUATION

SUPER INCREASES

On 1 July 2014, Australia's Super Guarantee rate rose to 9.5%. This means your employer should have started paying more into your superannuation fund.

To help provide a realistic income in retirement, the Super Guarantee rate will continue to gradually increase up to 12% by 2025.

The table below shows the yearly rate increases:

<u>YEAR</u>	<u>RATE</u>
1 July 2014	9.5%
1 July 2021	10%
1 July 2022	10.5%
1 July 2023	11%
1 July 2024	11.5%
1 July 2025	12%



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SECTION 4 – SUPERANNUATION

SuperStream is a government initiative being implemented by the ATO, with a goal of improving the efficiency of the superannuation system. It's a new process of managing data and payments that business owners have to comply with when making superannuation contributions for their employees.

What does SuperStream mean for employers?

Employers must now make super contributions on behalf of their employees by submitting data and payments electronically in accordance with the SuperStream standard.

- If a business has 20 or more employees, SuperStream contributions need to be implemented as soon as practicable.
- If a business has 19 or fewer employees, SuperStream applies from 1 July 2015. As with larger employers, the ATO will be flexible provided you have a plan in place by 30 June 2016.

What does SuperStream mean for SMSFs?

Self-managed super funds (SMSFs) are controlled by their trustees or four members and are regulated by the ATO. They are a way for individuals to start savings for retirement or provide death benefits for the members or the members' dependents.

Generally, business owners who have a self-managed fund are those with well established businesses who like the control, flexibility and tax advantages that a SMSF may bring.

Since 1 July 2014, SMSF trustees have been required to receive both electronic messages and payment when employers make contributions using the SuperStream data and payment standard.



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SECTION 5 – END OF FINANCIAL YEAR PROCESS

EOFY - CHECKLIST

Step 1: Confirm your employee details

- Check your employees contact details for accuracy including their tax file number (TFN).
- Check your terminated employees have a termination date.
- Check Annual Leave Entitlements flag has 'Carry Remaining Entitlement.

Step 2: Reconcile your accounts

- Reconcile total gross wages of payment register YTD report to wages expense YTD.
- Reconcile outstanding PAYG liability to unpaid PAYG for the next BAS.
- Reconcile outstanding Super liability to unpaid superannuation for the month/quarter.
- Reconcile payroll tax for the year.

Step 3: Print your reports

- Payroll payment register summary YTD report.
- Payroll entitlement balance summary and detail report.

Step 4: Reconcile PAYG withholding

- Reconcile unpaid PAYG to balance sheet and PAYG liability.
- Check PAYG paid for the year to payroll summary YTD Tax.
- Check PAYG paid for the month/quarter to payroll summary monthly/quarterly.



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SECTION 5 – END OF FINANCIAL YEAR PROCESS

EOFY – CHECKLIST (Continued)

Step 5: Prepare payment summaries

- Assign payment fields for gross payments.
- Assign payment fields for allowances.
- Record ETP if applicable.
- Record RESC superannuation if applicable.
- Record reportable fringe benefits.
- VERIFY payroll information with payroll register summary.
- Create EMPDUPE file and store in a 'year' payroll folder.
- Print payment summaries and distribute to employees by 14th July.
- Store PDF copy of payment summaries in a yearly payroll folder.
- Print and send a copy to the ATO by 14th August.
- Roll over payroll year
- Check Annual Leave Entitlements flag has 'Carry Remaining Entitlement

Step 6: You're done!



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Solutions

We know that your business is more than just bookkeeping! We tailor solutions based on the specific needs of each client and take a long term approach to provide a permanent solution to meet all requirements, while ensuring enough flexibility to change our systems as your requirements change over time.

We can either work within your current systems and processes or work out a new streamlined solution that will get things done quickly and easily. Our bookkeeping solutions are comprehensive and long term freeing up your time so you can focus on running your business.

We also work out a schedule and process that fits in with your needs and gets things done when you want them done.

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