

# Employer Year-End Checklist

## 2023

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## 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 corresponding page reference.

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### **Single Touch Payroll (STP) End-of-year Finalisation**

Employers should now be reporting through Single Touch Payroll.

If you haven't started reporting through STP, you need to start reporting as soon as possible as penalties may apply if you are not compliant.

To finish your STP reporting obligations for the 2023 financial year you are required to make a Finalisation Declaration.

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. This step replaces the need for you to provide payment summaries.

Before making your finalisation declaration make sure your STP information is correct.

If you identify that you need to make an amendment after you have submitted your finalisation declaration you will need to submit the amendment as soon as possible. Amendments can be made through your STP solution and you should advise your employees of the changes that will be made. If your employees have already lodged their tax return they may need to lodge an amendment.

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 lodgments 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.

It is important to note that Directors can be held personally liable for unpaid PAYG Withholding.



### **Reportable Fringe Benefits**

Where applicable, employers will be required to report Single Touch Payroll any Reportable Fringe Benefit amounts.

These amounts are disclosed on the Fringe Benefits Tax return for year ended 31 March 2023.

### **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 10.5% 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 2022/2023 year, the charge percentage is 10.5%. **This will increase to 11.0% for the financial year commencing 1 July 2023.**

Based on current plans, the superannuation guarantee will continue to increase by 0.5% each year 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 can be held personally liable for any unpaid employee superannuation.



## **Superannuation Contributions**

For the 2022/23 and 2023/24 year the concessional contribution limits are as follows:

	<b>Concessional Contribution Limit (all ages)</b>
2022/23	\$27,500
2023/24	\$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**

Employers are 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.

From the 1st of November 2021, you will need to comply with the updated Choice of Fund rules and request the employees ‘Stapled Super fund’ details from the ATO if they do not provide you with their Choice of Fund details.

For more information on Stapled Super, click [here](#) or contact our office for assistance.

## **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.



## **Superannuation for Contractors**

If you pay contractors mainly for their labour, they are employees for super guarantee purposes and you may need to pay super to a fund for them.

It doesn't matter if the contractor has an ABN or not. You should consider making super contributions for contractors if you pay them:

- Under a verbal or written contract that is mainly for their labour (more than half the dollar value of the contract is for their labour)
- For their personal labour and skills (payment isn't dependent on achieving a specified result)
- To perform the contract work (work cannot be delegated to someone else).

If your contractor is an employee for super guarantee purposes and entitled to receive contributions, they are generally eligible to choose their own superannuation fund. You must offer eligible contractors a choice of super fund within 28 days of their start date.

For more information please on superannuation for contractors click [here](#) or contact us for assistance.

## **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 2022 to 30 June 2023 are \$58,333 monthly and \$700,000 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 1.2125% for regional employers, and these rates will be applicable for the 2023/24 year as well.

\*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 2023 year, is 21 July 2023.**



## **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 2022/2023 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 2022/2023 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 2023 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 2023/24 income tax brackets with the next round of changes scheduled for July 2024.

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 2023 subject to the type of business you operate.

In relation to the 2023 financial year (capturing 1 July 2022 to 30 June 2023 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 2023 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 03 5221 6399 to speak with one of our specialists.



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## About Davidsons

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