

Employer year-end checklist

2024

/ 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

davidsons.com.au



Action list

Start by ticking the areas that you need review as part of your business's year-end processes. Then read through the relevant content in each section.

Task	Y/N	Page
1. PAYG withholding		
Single Touch Payroll end-of-year finalisation	<input type="checkbox"/>	3
PAYG withholding payment and lodgement requirements	<input type="checkbox"/>	3
2. Fringe benefits tax		
Reportable fringe benefits	<input type="checkbox"/>	4
3. Superannuation		
Reportable employer contributions	<input type="checkbox"/>	5
Superannuation guarantee charge	<input type="checkbox"/>	5
Superannuation contributions	<input type="checkbox"/>	6
Superannuation choice	<input type="checkbox"/>	6
SuperStream	<input type="checkbox"/>	6
Superannuation for contractors	<input type="checkbox"/>	7
4. Other items		
Payroll tax	<input type="checkbox"/>	8
WorkCover	<input type="checkbox"/>	9
Tax rates	<input type="checkbox"/>	9
Employer or contractor?	<input type="checkbox"/>	10
Taxable payments annual report	<input type="checkbox"/>	10
Labour hire providers	<input type="checkbox"/>	11
Payroll systems and records review	<input type="checkbox"/>	11



1. PAYG withholding

Single Touch Payroll (STP) end-of-year finalisation

All employers should now be reporting through Single Touch Payroll (STP).

If you haven't already started reporting through STP, you must start as soon as possible. Penalties may apply if you're not compliant.

To finish your STP reporting obligations for the 2024 financial year, you're required to make a finalisation declaration. This can be done any time 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've submitted your finalisation declaration, you'll 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 also need to lodge an amendment.

For more information on Single Touch Payroll, [visit the ATO website](#) or [contact us](#) for assistance.

PAYG withholding payment and lodgement requirements

Employers must lodge all PAYG withholding reports and make all PAYG withholding related payments on time.

Failure to comply with this requirement means the employer may not be entitled to a tax deduction for the gross payments it makes to its employees.

Examples of non-compliance include nil lodgements of activity statements as well as any non-payments of PAYG withholding.

With STP in place for most employers, the ATO has more data relating to your PAYG withholding obligations, so you must manage your lodgement and payment requirements to protect the deductibility of your employment related expenses.

It's important to note that directors can be held personally liable for unpaid PAYG withholding.



2. Fringe benefits tax

Reportable fringe benefits

Employers must report the grossed-up taxable value of reportable fringe benefits provided to employees. This information should be included in the employees' income statements via Single Touch Payroll (STP) and should capture benefits provided in the 2024 fringe benefits tax (FBT) year which spanned 1 April 2023 to 31 March 2024. Employers should ensure this is done accurately and communicated to employees as it may affect their personal tax returns.



3. Superannuation

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 through STP.

RESCs are amounts contributed to super on behalf of employees where the employee had the capacity to influence the amount of the contribution. These include personal contributions, additional salary sacrifice amounts and amounts over the current 11.0% required by the super guarantee legislation (unless all employees receive the same and there's 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
- dependent tax offsets
- Centrelink and child support benefits and obligations.

Superannuation guarantee charge

For the 2023/2024 year, the charge percentage is 11%. This will increase to 11.5% for the financial year commencing 1 July 2024.

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 the superannuation guarantee surcharge (SGC) may be levied. The payment of the surcharge is not tax deductible.

It's important to note that directors can be held personally liable for any unpaid employee superannuation.



Superannuation contributions

For the 2023/24 and 2024/25 year the concessional contribution limits are as follows:

Year	Concessional contribution limit (all ages)
2023/24	\$27,500
2024/25	\$30,000

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

It's important for individuals to monitor all superannuation contributions made on their behalf and by them personally to avoid excess contributions tax.

Superannuation choice

Employers must 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 2 months after the employee has given notice.

From the 1st of November 2021, you must comply with the updated choice of fund rules and request the employee's [stapled super fund](#) details from the ATO if the employee doesn't provide you with their choice of fund details.

You can find more information on stapled super funds [at the ATO's website](#), or you can [contact us](#) for assistance.

SuperStream

All employers must pay 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 a self-managed super fund (SMSF) 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 into 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 contract work (work that can't 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 on superannuation for contractors [see the ATO website](#) or [contact us](#) for assistance.



4. Other items

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
- certain sub-contractor payments.

Note: The Victorian payroll tax thresholds from 1 July 2023 to 30 June 2024 are \$58,333 monthly and \$700,000 annually on all applicable wages. If the level of your wages exceeds these amounts and you're 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*. These rates will be applicable for the 2023/24 year as well.

Note: From 1 July 2024 for the 24/25 payroll year, the payroll tax-free threshold will be lifted to \$75,000 monthly and \$900,000 annually on all applicable wages.

*To be an eligible regional employer, the ABN-registered business address must be in regional Victoria and at least 85% of the 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 2024 year is **21 July 2024**.



WorkCover

Between late June and early July, employers with WorkCover policies should receive a **certificate of rateable remuneration form**.

Employers must confirm the amount of remuneration paid during the 2023/2024 financial year. The definition of remuneration includes:

- salary and wages
- certain sub-contractor payments
- superannuation
- fringe benefits paid on behalf of employees.

By late August, employers should receive a statement which accounts for any shortfall or excess in WorkCover premiums paid in the 2023/2024 financial year and 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 2024 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

Personal income tax rates will change from 1st July 2024. The new rates are:

Thresholds in 2024-25	Rates in 2024-25
\$0 - \$18,200	NIL
\$18,201 - \$45,000	16%
\$45,001 - \$135,000	30%
\$135,001 - \$190,000	37%
Over \$190,000	45%

Please check that you're using the relevant tax tables for pay runs processed post 1st July 2024.



Employee or contractor?

Your business is responsible for ensuring that each of your workers is correctly engaged as either an employee or contractor, and that you're 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're planning to enter into is one of employment or contracting, as different tax and super obligations apply to each type of arrangement.

You may need to analyse your existing arrangements due to increased ATO scrutiny around employees versus contractors.

The ATO provides several tools to help you determine whether you have an employment or contracting arrangement and your Davidsons team member can also assist you with this.

For more information on employees versus contractors, [see the ATO website](#).

Taxable payments annual report (TPAR)

The taxable payments annual report (TPAR) must be lodged with the ATO by 28 August 2024 (subject to the type of business you operate).

In relation to the 2024 financial year (capturing 1 July 2023 to 30 June 2024 payments), businesses in the following industries must complete the TPAR:

- building and construction
- cleaning services
- courier services
- road freight services
- information technology (IT) services
- security, investigation and surveillance services
- mixed services.

The 30 June 2024 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

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

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 and 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 conducted without notice.

The reviews cover areas including:

- **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 is maintained and calculations are correct.
- **Pay slips and associated documentation:** Checking the correct information is provided, in the right format.
- **Award rates and 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. Subject to the type of breach made, fines and penalties may be issued to the employer.

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

For further information on our payroll systems and records review, please [contact us](#) 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 and Torquay.

By working to build long term relationships with both business and private clients, providing upfront pricing and delivering specialist advice and knowledge to our clients for over 100 years, we've established ourselves as a firm of choice across Geelong and the Surf Coast.

We take pride in our values, and they guide how we operate. Our values include:

- forming trusted relationships
- having a client-first approach to doing business
- being forward thinking
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- and supporting family and community.

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Our services include:

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

Contact us today on 5221 6399 or info@davidsons.com.au.

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