



THE ASSOCIATION FOR  
PAYROLL SPECIALISTS

## Christmas Lucky Dip




What hot payroll topics will we find in Santa's sack????



THE ASSOCIATION FOR  
PAYROLL SPECIALISTS



**Public Holidays**



**Public Holidays over Christmas**  
(For employees covered by NES)

	NSW	VIC	QLD	TAS
<b>Sun, 25 Dec</b>	Yes	No	Yes	Yes
<b>Mon, 26 Dec</b>	Yes	Yes	Yes	Yes
<b>Tue, 27 Dec</b>	Yes	Yes	Yes	Yes
<b>Sun, 1 Jan</b>	Yes	Yes	Yes	No
<b>Mon, 2 Jan</b>	Yes	Yes	Yes	Yes




**Public Holidays over Christmas**  
(For employees covered by NES)

	ACT	SA	NT
<b>Sun, 25 Dec</b>	Yes	Yes	Yes
<b>Mon, 26 Dec</b>	Yes	Yes	Yes
<b>Tue, 27 Dec</b>	Yes	Yes	Yes
<b>Sun, 1 Jan</b>	Yes	Yes	Yes
<b>Mon, 2 Jan</b>	Yes	Yes	Yes

WA		
Christmas Day	25 <sup>th</sup> or 26 <sup>th</sup> Dec	Check your awards and enterprise agreements
Boxing Day	26 <sup>th</sup> or 27 <sup>th</sup> Dec	
New Years Day	1 <sup>st</sup> or 2 <sup>nd</sup> Jan	




## Paying Employees on a Public Holiday (General NES provisions – double check your award/EA)

<b>Scenario</b>	<ul style="list-style-type: none"> <li>Employee usually works on the day the PH falls</li> <li>Employee does not work because it is a PH</li> </ul>
<b>Payment</b>	<ul style="list-style-type: none"> <li>Employee is entitled to their ordinary hours / base pay for the day</li> <li>Employees are not normally entitled to their regular shift penalties etc.</li> <li>Payment is superable as per normal</li> </ul>

<b>Scenario</b>	<ul style="list-style-type: none"> <li>Employee usually works on the day the PH falls</li> <li>Employee is required to work on the PH</li> </ul>
<b>Payment</b>	<ul style="list-style-type: none"> <li>Employee is entitled to public holiday penalties</li> <li>Normally this would be their ordinary hours plus a 150% penalty (check your award/EA)</li> <li>The ordinary pay and the penalty is superable</li> </ul>




## Paying Employees on a Public Holiday (General NES provisions – double check your award/EA)

<b>Scenario</b>	<ul style="list-style-type: none"> <li>Employee doesn't usually work on the day the PH falls</li> <li>Employee does not work</li> </ul>
<b>Payment</b>	<ul style="list-style-type: none"> <li>No payment required</li> <li>No superannuation required</li> </ul>

<b>Scenario</b>	<ul style="list-style-type: none"> <li>Employee doesn't usually work on the day the PH falls</li> <li>Employee is required to work on the PH</li> </ul>
<b>Payment</b>	<p>Check your award/EA because there are 2 possible outcomes</p> <ul style="list-style-type: none"> <li>This may be deemed to be overtime which would often be paid at double time and a half (not superable)</li> <li>Or it may be just another day paid at ordinary plus 150% penalty (fully superable)</li> </ul>

 THE ASSOCIATION FOR PAYROLL SPECIALISTS

## Paying Employees on a Public Holiday

(General NES provisions – double check your award/EA)

<b>Scenario</b>	<ul style="list-style-type: none"> <li>The employee is on annual leave during PH</li> </ul>
<b>Payment</b>	<ul style="list-style-type: none"> <li>The day is counted as a PH and paid as per normal</li> <li>This day does not affect their annual leave balance</li> </ul>

<b>Scenario</b>	<ul style="list-style-type: none"> <li>The employee is on long service leave during PH</li> </ul>
<b>Payment</b>	<ul style="list-style-type: none"> <li>NSW – Public Holiday</li> <li>VIC – Public Holiday</li> <li>QLD – Public Holiday</li> <li>SA – Long Service Leave</li> <li>WA – Public Holiday</li> <li>TAS – Public Holiday</li> <li>ACT – Public Holiday</li> <li>NT – Long Service Leave</li> </ul>





**Proposed Legislative Changes**  
**PAYSLIPS**

**1 July 2012**

- Employers will be required to report on payslips an “expected payment date” for superannuation accruals.

**1 July 2013**

- Subject to their being no significant payroll system costs, payslip reporting of **actual contributions paid** rather than just accrued contributions.




**Proposed Legislative Changes**  
**E-COMMERCE**

**July 2013**

- e-commerce standards becomes mandatory for funds to accept employer contributions.

**July 2014**


- use of e-commerce standards becomes **mandatory** for medium and large employers making contributions



## Super on Bonuses

### SGR 2009/2

Bonuses	OTE?
Performance bonus	Yes
Bonus labelled as ex-gratia but in respect of ordinary hours of work	Yes
Christmas bonus	Yes
Bonus in respect of overtime only	No



## Super on Termination Payments

Termination Payments	OTE?
In lieu of notice	Yes
Unused leave	No
Redundancy payments	No

**What happens when in lieu of notice is part of a redundancy?**




**Annual and Personal / Carer's Leave**

What stops leave accruing?

**Myth:** All leave accruals cease during unpaid leave.


**Fact:** It's not that simple!!



**Annual and Personal / Carer's Leave**

When leave DOES accrue...


- Ordinary hours of work
- Annual and Personal/Carer's leave taken
- LSL taken
- Community Service Leave (paid or unpaid)
- Stand down (paid or unpaid)
- Employer Paid Parental Leave



**Annual and Personal / Carer's Leave**

When leave DOES NOT accrue...

- Unpaid parental leave
- Government paid parental leave
- Unpaid personal/carer's leave
- Unpaid vacation leave (LWOP)
- Workers compensation\* (unless a State has a more beneficial law)



## Annual and Personal / Carer's Leave


### Workers Compensation

QLD and SA both allow leave to accrue during periods of Workers Compensation

In SA it accrues for 12 months, but if absent longer than 4 weeks is deemed "taken and is removed."

Then a new 12 month cycle begins.

If an employee returns mid cycle, they keep the accrued leave for that cycle only.



## Personal / Carer's Leave

### When can an employee use this type of leave?


**97 Taking paid personal/carer's leave**

An employee may take paid personal/carer's leave if the leave is taken:

- a) because the employee is not fit for work because of a personal illness, or personal injury, affecting the employee;

or

- a) b) to provide care or support to a member of the employee's immediate family, or a member of the employee's household, who requires care or support because of:
  - i) a personal illness, or personal injury, affecting the member; or
  - ii) an unexpected emergency affecting the member.



**Personal / Carer's Leave**

**Caring for other children due to mother giving birth?**

- Childbirth is not usually considered to be an illness
- Giving birth is not usually an unexpected emergency
- The other children are not ill

However, the leave request may be valid:

- if a doctor's certificate states that mother is ill or injured and unable to care for herself or the children due to birth complications.



**Personal / Carer's Leave**


**Dental appointments?**

**Doctors appointments?**

- Is the employee (or family/household member) actually ill or injured? If so, valid.
- If not then can be declined (although commonly granted).

**NOTE:** The Fair Work Ombudsman is likely to look generously on the need for "care and support" to be provided (e.g. children usually cant take themselves to the dentist or doctor).





## Living Away from Home Allowance


**Definition:**

An allowance paid to an employee to cover additional expenses incurred because the employee is temporarily required to live away from his or her usual place of residence in order to perform duties of employment.




## Who is entitled to LAFHA?

- Employee must be **required** to live away from their usual place of residence to perform their employment duties
- The employee has the intention to live away from usual place of residence for a **temporary or finite period**
- The employee has the **intention to return** to their usual place of residence



## Taxing LAFHA

- LAFHA comes under the FBT umbrella rather than P.A.Y.G tax.
- Certain components of LAFHA are exempt from FBT.
- To qualify for an exemption, you must be:
  - a) an Australian resident for tax purposes; or
  - b) an expat in Australia on a temporary working visa.



## Exempt Food Component

**Definition:** The exempt food component is the excess over the statutory food component up to the reasonable food component.

Reasonable Food Component of a Living Away from Home Allowance (LAFHA)

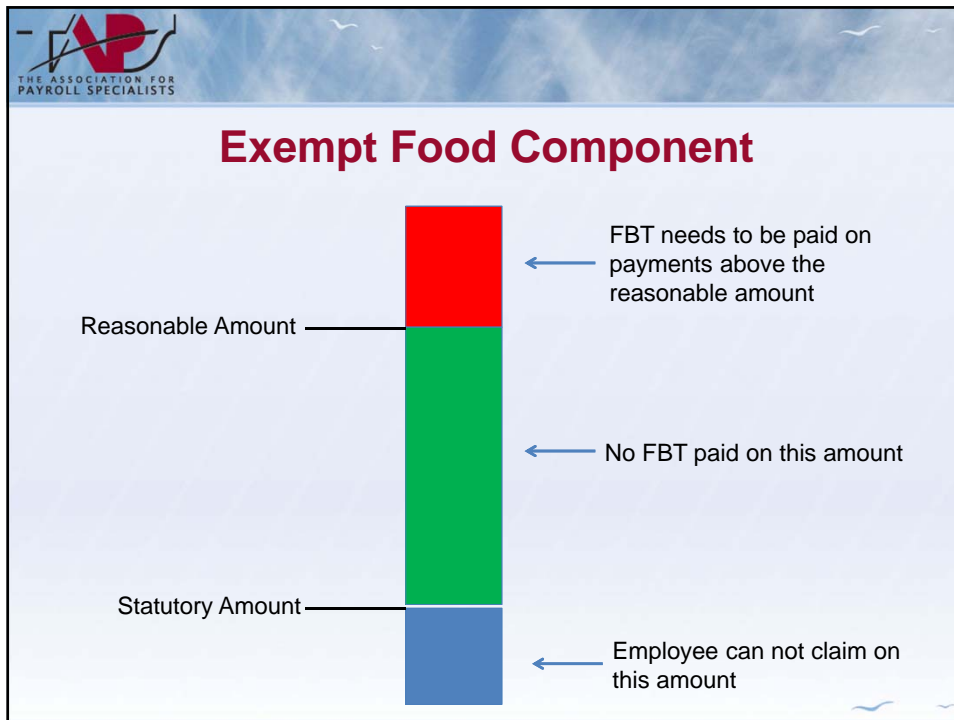
Recipients	2011 - 2012 Amount per week (TD 2011/4) *
One adult	\$233
Two adults	\$373
Three adults	\$419
One adult and one child	\$301
Two adults and one or two children	\$419
Two adults and three children	\$488
Three adults and one child	\$488
Three adults and two children	\$558
Four adults	\$558

Larger family groups are given an acceptable food component based on the above figures plus \$140 for each additional adult and \$68 for each additional child.

Statutory amount per adult is \$42 and \$21 for child under 12 years of age before the beginning of the FBT year.

**HOT TIP:**


- This table only applies to expats.
- For Australian residents you must determine what is a reasonable amount.



**Exempt Food Component**


Exempt Food Component	1 Adult	2 Adults and 2 Children
ATO weekly reasonable food	\$233	\$419
ATO statutory amount (can't be claimed)	\$42	\$126
<b>Exempt Value</b>	<b>\$191</b>	<b>\$293</b>

**AUDIT TIP:** You must have detailed documentation showing how you calculated the food component you are paying to the employee.



## Exempt Accommodation Component

- Limited to the actual expenditure on accommodation
- Records need to be kept substantiating the actual expenditure (e.g. receipts)
- Accommodation expenditure must be “reasonable”



## Documentation

**Living away from home declaration**

I, \_\_\_\_\_ declare that  
(employee name)

during the period \_\_\_\_ / \_\_\_\_ / 20\_\_\_\_ to \_\_\_\_ / \_\_\_\_ / 20\_\_\_\_

I was required to live away from my usual place of residence in order to perform the duties of my employment and that during that period my usual place of residence was \_\_\_\_\_  
(state place where you usually live)

and the nature of that residence was \_\_\_\_\_

and, during that period the place at which I actually resided was \_\_\_\_\_


\_\_\_\_\_  
(state all addresses at which you resided while away from home in the period stated above)

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**HOT TIP:**

This declaration must be completed at the end of every FBT year.



THE ASSOCIATION FOR  
PAYROLL SPECIALISTS

## LAFHA and Salary Sacrifice


- Why would an employer require an employee to work away from home without compensation?
- Why would an employee work away from home with no compensation?
- The ATO has not precluded the possibility of “effective salary sacrifice” arrangements in relation to LAFHA.



THE ASSOCIATION FOR  
PAYROLL SPECIALISTS



**Car Allowances**



## Definitions

**Tax Free**

- Tax free allowances are not taxed by the employer or the ATO


**Untaxed**

- Untaxed means the allowance is not taxed by the employer at time of payment, but may be taxed later by the ATO




## Examples

Tax Free	Untaxed
<b>Overtime Meal Allowance</b> <ul style="list-style-type: none"> <li>- paid under an industrial instrument</li> <li>- up to \$26.45 (indexed annually)</li> </ul>	<b>Cents per kilometre</b> <ul style="list-style-type: none"> <li>- first 5000 kms</li> <li>- limits based on engine size apply</li> <li>- indexed annually</li> </ul>
<b>Overnight Travel Allowance</b> <ul style="list-style-type: none"> <li>- reasonable limits apply</li> <li>- indexed annually</li> </ul>	<b>Car Allowance</b> <ul style="list-style-type: none"> <li>- only with variation to withholding</li> <li>- requires new variation each financial year</li> </ul>
	<b>Laundry Allowance</b> <ul style="list-style-type: none"> <li>- limits apply</li> <li>- indexed annually</li> </ul>




**Why are these allowances untaxed?**

- Employee gets tax benefit now rather than waiting for tax refund at end of financial year.
- Must appear as allowances on payment summary.
- Employee submits with tax return and provides proof of expenditure... otherwise payments are taxed.



**Cents per Kilometre**

- The employer can pay the first 5,000 kms (up to the ATO limit) untaxed at the time of payment.
- For PAYG purposes cents per kms is “income” and IS taxable
- Where an employee travels business kms in their own car, they can claim a deduction when submitting their income tax return




## Current ATO rates

Motor Vehicle (Car) cents per km		
Non-Rotary Engine	Rotary Engine	KM
Up to 1600 cc	Up to 800 cc	63 cents
1601 cc to 2600 cc	801 cc to 1300 cc	74 cents
Above 2601 cc	Above 1301 cc	75 cents

**AUDIT TIPS:**


- Do you record the engine size on your expense reimbursement form?
- What if my modern award has a flat rate of 74 cents per kilometre?



## FAQ


Is it OK to pay untaxed cents per km for an employee who is salary sacrificing for a company car or novated lease?

- NO
- The employee is already receiving tax concessions when salary sacrificing for a car, so further concessions would be “double dipping”
- If you pay cents per km in these circumstances, the payment can not be untaxed (and doesn't go in the allowance box on the payment summary).



## Cents per Kilometre

Superannuation	Payroll Tax
<ul style="list-style-type: none"> <li>• Cents per km is deemed to be a reimbursement of expenses and is not liable for super.</li> <li>• All of the kms are exempt from super, not only the first 5,000 kms.</li> </ul>	<ul style="list-style-type: none"> <li>• Since harmonisation, all States have agreed to use the maximum ATO limits as the exempt amount for payroll tax (currently 75 cents per km)</li> <li>• All of the kms are exempt from payroll tax.</li> </ul>




## FIXED AMOUNT – Car Allowance

A fixed amount car allowance can only be paid as “untaxed” if approved by the ATO

**Option 1:** Employee applies for variation


- Application is made annually
- Each approval expires by 30 June
- Letter for approval sent by ATO to both employee and employer
- Can not be transferred from one employer to another



## FIXED AMOUNT – Car Allowance

**Option 2:** Employer applies for variation

- Why? A significant number of employees might frequently use their vehicles for business travel
- How? Each year the employer would write to ATO requesting a “Class” Variation to Withholding
- It must be for a specific class of employees, such as Account Managers or Sales Staff



## FIXED AMOUNT – Car Allowance

Superannuation	Payroll Tax
<ul style="list-style-type: none"> <li>• If the employer pays a fixed car allowance with no calculation for business usage costs (most common), superannuation must be paid as the employer cannot justify to the ATO that the allowance was designed to be fully expended</li> <li>• If a fixed car allowance is paid, that has been calculated on the estimated business related travel costs for the employee's car, there is no super guarantee liability. The employer would have to have an audit trail of how the allowance was calculated.</li> </ul>	<ul style="list-style-type: none"> <li>• If the employer records the actual business kms travelled during the year they can multiply by 75 cents per km and pay no payroll tax on that component.</li> <li>• Otherwise fixed car allowances are subject to payroll tax.</li> </ul>

