

## hiring staff – the payment rules you need to know

When you employ anyone, whether as a contractor or as a permanent or casual employee, you have a specific set of commonwealth tax and superannuation obligations that you must adhere to. Here is a brief overview:

### Tax File Number

Firstly, you will need to provide your new employee with a TFN declaration form to complete. The employee must return the completed form to you within 28 days. Once you receive it, you have 14 days to countersign it and send a copy to the Tax Office. If your employee does not give you a TFN or an exemption, you must withhold 48.5% from their pay if the employee is a resident. If the employee is a non-resident, you must withhold 47%.

### PAYG withholding

You will need to register for Pay As You Go Withholding and withhold an amount of withholding tax from the wages of any permanent or casual employee. You must report this amount on your Business Activity Statement (BAS) or on your Instalment Activity Statement (IAS). You can find out how much you will need to withhold from the tax tables on the ATO website [www.ato.gov.au](http://www.ato.gov.au) or order them by calling 13 28 66.

### Payslips and Payment summaries

Throughout each worker's employment you need to provide a payslip that documents all legal pay requirements for each pay period. You must also keep an up to date record of sick leave, annual leave and long service.

Each year before July 14, you need to provide a payment summary for each employee or independent contractor. And each year by 14 August, you need to provide a PAYGW annual report to the tax office. The report should include a completed original PAYG payment summary statement and an original copy of all payment summaries you have issued to your employees.

### Final payment summaries

When a worker leaves, you need to provide a final payment summary that details all fringe benefits, superannuation and other payments. If the employee is due a lump sum payment you must determine if any part of the payment is an Employee Termination Payment, calculate the amount to be withheld from the ETP and provide the necessary records to the tax office.

Legislation varies from state to state and all tax regulations are subject to change. Many of our clients benefit from having my accounts manage their employer payment obligations for them.

For help with your business, call *myaccounts* on 1300 784 122 or visit [www.myaccounts.biz](http://www.myaccounts.biz)

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