

MEMBERS UPDATE



APRIL
2021



In this month's members update we look at:

- ATO updated caps for ETP & redundancy tax free amounts from 1 July 2021
- Superannuation caps increase from 1 July 2021
- FBT rates updated for the new FBT year from 1 April 2021
- New IR Bill relating to casual workers
- Update to junior rates in the General Retail Industry Award
- Update of Covid schedules (I,X&Y) inserted into Awards

Welcome to the April 2021 member's update

The ATO has been very busy in the past month with updates and announcements. Hot off the press are the new figures for the ETP cap, redundancy tax free amounts and the maximum super contribution base for the new Financial Year.

Superannuation changes have been relatively quiet over the last few years, well 2021 seems to be the time of change. Along with the legislated increase of Super Guarantee to 10% from 1 July 2021, concessional and non-concessional super caps are set to increase for the first time in years too. The ATO has also released the updated figures for the new FBT year.

With the Jobkeeper scheme coming to an end, we will have to watch the impact it has on the economy and what further measures may be put in place by the government as a result. We also look at the temporary Covid schedules introduced into certain awards that are due to come to an end in March. Another legislative change is the IR Bill that just passed through which has impacts on employers that hire casual employees. There is also an update for the General Retail Industry award in relation to removing certain junior rates effective 1 May 2021.

ATO updated caps for ETP & redundancy tax free amounts from 1 July 2021

The ETP Cap for 2021-22 has increased to \$225,000, an increase of \$10,000 as opposed to the normal \$5,000 increase that has been the case in prior years:

ETP cap amounts:

<https://www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/?anchor=ETPcapforlifebenefitterminationpayments#ETPcapforlifebenefitterminationpayments>

The genuine redundancy cap has also increased for the new financial year to a new base limit of \$11,341 and then \$5,672 for each completed year of service.

ATO link with new amounts:

<https://www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/?anchor=Taxfreepartofgenuineredundancyandearlyre#Taxfreepartofgenuineredundancyandearlyre>

Superannuation caps increase from 1 July 2021

From 1 July 2021, the concessional (before-tax) and non-concessional (after-tax) contribution caps are set to increase due to indexation for the first time since July 2017:

- The concessional contribution cap is increasing from \$25,000 to \$27,500 per annum
- The non-concessional cap is increasing from \$100,000 to \$110,000.

In addition, the maximum amount a member who was under 65 at the start of the year can contribute

under the non-concessional contribution cap bring-forward rule is also set to increase from \$300,000 to \$330,000 from 1 July 2021.

* Legislation is currently (July 2020) before the House of Representatives that will raise to 67 the maximum age limit for using a bring-forward arrangement. This legislation is yet to be passed and enacted into law.

The maximum superannuation contribution base has increased to \$58,920 income per quarter for 2021-2022:

<https://www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/?anchor=Maximumsupercontributionbase#Maximumsupercontributionbase>

FBT rates updated for the new FBT year from 1 April 2021

The ATO has published the updated FBT rates along with the latest Tax Determination (TD) 2021/3 which covers the new figures for items such as the car parking threshold and reasonable food and drink amounts for employees living away from home (LAFHA).

ATO website with the new rates:

<https://www.ato.gov.au/Rates/FBT/>

New IR Bill relating to casual workers

Under the slimmed-down Industrial Relations bill (Fair Work Amendment Supporting Australia's Jobs and Economic Recovery), employers will benefit from a new definition of casual employment and reduced liability for misclassifying casuals, while casual employees of medium and large businesses gain a stronger right to request permanent work.

The bill defines casuals as someone offered work without "firm, advance commitment" of ongoing opportunities. The bill also looks to squash the so called "double-dipping" for casuals attempting to claim leave entitlements as a permanent employee and casual loading. This comes as a relief for employers that were potentially facing large back payments as a result of the recent Workpac case. In the event a court finds an employee has been misclassified as casual, under this bill, employers will be able to deduct the amount of the casual loading they have already paid from the compensation amount for unpaid entitlements.

Employers will also be compelled to offer their casual employees full-time or permanent part-time work where they have been working consistent, regular shifts for 12 months. However, the bill includes an exemption for employers who have reasonable grounds not to.

Update to junior rates in the General Retail Industry Award

Junior rates will no longer apply in the award at levels 4-8. This does not impact employees at Levels 1, 2 and 3 (where most junior employees are engaged) as they can still be employed at junior rates. Clause 17.2 of the award will be varied to this effect and these changes will come into effect from the first full pay period on or after 1 May 2021.

Extension of NSW Long Service Leave Covid-19 temporary measures

During 2020 NSW Long Service Leave legislation was amended to provide additional flexibility. These measures were due to end in March and May 2021, but have now been extended as follows:

Extended to 30 September 2021

- LSL will continue to accrue if an employee is stood down without pay as a direct or indirect result of Covid-19

Extended until 31 March 2022

- An employer can provide less than one month notice to require an employee to take LSL (if the employee agrees)
- Long service leave may be taken in advance if the employer and employee agree
- An employer and employee can agree to taking long service leave in smaller blocks, such as one or two days a week

Further information can be found here <https://www.industrialrelations.nsw.gov.au/employers/nsw-employer-essentials/covic-19-frequently-asked-questions/>

Update on Covid schedules (I,X&Y) inserted into Awards

Schedule I: Temporary Schedule I that was inserted into the Clerks award to help employers and employees during the impact of the pandemic has been extended from 29 March 2021 to 30 June 2021.

<https://coronavirus.fairwork.gov.au/coronavirus-and-australian-workplace-laws/changes-to-workplace-laws-during-coronavirus/clerks-award-flexibility-during-coronavirus/default#extended-parts-of-schedule-i-that-apply-until-30-June-2021>

Schedule X: Schedule X which provided an entitlement to unpaid “pandemic leave” and the flexibility to take twice as much annual leave at half pay added to many modern awards has been extended to 31 December 2021 for 9 health awards and 57 other awards. These were originally due to cease on 29 March 2021. Check the link below to see if this applies to your award.

<https://coronavirus.fairwork.gov.au/coronavirus-and-australian-workplace-laws/changes-to-workplace-laws-during-coronavirus/unpaid-pandemic-leave-and-annual-leave-changes-in-awards/default>

Schedule Y: Schedule Y which was only added to a few awards offering “pandemic leave” has stopped applying from 29 March 2021.

<https://coronavirus.fairwork.gov.au/coronavirus-and-australian-workplace-laws/temporary-changes-to-workplace-laws-during-coronavirus/paid-pandemic-leave-in-some-awards>



Please join us for our April members webinar where we will be discussing “the recent IR changes that impact casuals” to be held on **Tuesday 20th of April at 1pm**.

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