

MEMBERS UPDATE



**JUNE
2021**



In this month's members update we look at:

- Federal Budget updates
- Payroll Tax update
- Closely held payees – end of exception
- Additional pay weeks
- Deliveroo – Gig Worker or Employee?

Welcome to the June 2021 member's update

Last month the government announced the Federal Budget update, which was delivered on the 11th May 2021. There were a few updates that will affect payroll such as the superannuation increase from 9.5% to 10% that was confirmed, this was already legislated to increase from the 1st July 2021. One surprise was the announcement of the possible changes to the minimum salary or wages threshold (\$450 per month).

We are also ramping up for Year End, which means we are all busy checking our systems. Small businesses that previously did not report Closely held payees will need to do so from the 1st July 2021.

Also, companies are asked to check how many pay days there are in the next financial year (2021-22) and to communicate this to their employees. This will make sure sufficient tax amounts are being withheld.

Lastly, we hear about the ruling against Deliveroo. Let's get started.

Federal Budget updates

The 2021 Federal Budget (delivered on 11 May 2021) is designed to support the next phase of Australia's business-led COVID-19 recovery.

The Government has not announced any change to personal income tax rates or thresholds, which remain unchanged until the commencement of the currently legislated Stage 3 of the Personal Income Tax Plan which is due to commence from 1 July 2024. When Stage 3 is implemented in 2024-25, around 95 per cent of taxpayers will face a marginal tax rate of 30 per cent or less.

Some other interests to payroll:

- **superannuation guarantee will increase as planned to 10 percent on July 1, 2021**

No changes were announced to the Superannuation Guarantee rate in the Budget. Consequently, the from 1 July 2021, the prescribed SG rate will increase to ten per cent (from the current rate of 9.5 per cent).

- **50 percent wage subsidy for new apprentices and trainees is extended to 31 March 2022**

Wage subsidies continue with the extension of the existing 50 per cent wage subsidy program for new apprentices and trainees employed from 5 October 2020 to 31 March 2022. The measure will uncap the number of eligible places and increase the duration of the subsidy to 12 months from the date an apprentice or trainee commences with their employer.

- **\$450 per month minimum salary or wages threshold ends on July 1, 2022.**

Pending the legislation passing parliament, the Government is intending to remove the existing \$450 per month minimum salary or wages threshold (which resulted in low-income employees not receiving any superannuation guarantee support), from 1 July 2022.



Key changes to watch out for:

	2020-21	2021-22
Superannuation guarantee Rate (SG)	9.50%	10%
Quarterly maximum Super contributions base	57,090	58,920
Concessional contributions cap*	25,000	27,500

**Subject to individual unused concessional cap carry forward*

Payroll Tax update

Victoria

The payroll tax free threshold will be increased to \$700 000 (monthly 58,333.33).

The regional employer rate will also reduce from 2.02 per cent to 1.2125 per cent from 1 July 2021.

Mental health and wellbeing levy (payroll tax surcharge).

A payroll tax surcharge on wages paid in Victoria by businesses with national payrolls over \$10 million a year. A rate of 0.5% will apply for businesses with national payrolls above \$10 million, and businesses with national payrolls above \$100 million will pay an additional 0.5%. The expected start date for this is 1 January 2022.

NSW

NSW Payroll Tax Amendment (Jobs Plus) Bill 2021

Under the program, businesses will secure payroll tax relief for up to four years for every new job created - where a business has created 30 new net jobs - with the aim of creating up to 25,000 new jobs by July next year.

The Payroll Tax Amendment (Jobs Plus) Bill 2021 (NSW) passed through both houses of the New South Wales Parliament in May 2021. It seeks to exempt employers from liability to pay payroll tax on wages that are the subject of Jobs Plus agreements, and extends an exemption in relation to the Aged Care Workforce Retention Grant Opportunity program of the Commonwealth, in response to COVID-19.

Proposed amendments to Aged Care were also added to the bill. It seeks to continue the payroll tax exemption which is in place currently for aged -care workers, which will exempt these future payments from Payroll Tax. This will assist with “bonus payments” that were made during the pandemic which funded retention bonuses for aged-care workers.

[Payroll Tax Amendment \(Jobs Plus\) Act 2021](#)

Closely held payees – end of exception

What is changing?

Small employers — with 19 or fewer employees — were required to start STP reporting on 1 July 2019. However, they are exempt from reporting closely held payees through STP for the 2019–20 and 2020–21 income years. This exemption ends on 30 June 2021. From 1 July 2021, small employers will need to report closely held payee information.

If you are a small employer who only has closely held payees, you can start STP reporting from 1 July 2021 but you do not need to inform the ATO that you only have closely held payees.

What is a Closely held payee?

A closely held payee is an individual who is directly related to the entity from which they receive payments, e.g., family members of a family business, directors or shareholders of a company or beneficiaries of a trust.

Additional pay weeks

Before the new financial year, you will need to check if employees will have an additional pay week for next financial year.

In most years there are 52 weekly pays, or 26 fortnightly pays, however, in some years there are one additional payday (the years vary depending on which day is your payday).

Example

Alice is a salaried employee paid \$65,000 a year, on a fortnightly pay basis. Each pay period during a "normal" year of 26 pay periods, she receives \$2,500. But if there is an extra pay day in a year, she would receive an additional \$2,500.

The withholding tax tables published by the ATO use the normal number of pays in a year. Tax rates increase as taxable incomes increase. The amount of tax withheld from salary and wage payments do not cover the amount payable when an employee lodges their tax return if there is an additional pay day in a year.

As a result, you will need to communicate with your employees and advise them of the additional week. They may wish to make additional tax payments to make sure that they cover any insufficient tax amounts being withheld.

[Weekly tax table 53 pays in a year](#)

[Fortnightly tax table 27 pays in a year](#)

Deliveroo - Gig workers or Employee?

Australian Fair Work Commission ruled against Deliveroo in regards to the termination of a driver that is seen to be classified as an unfair dismissal. This is a major shift in the Australian "gig" economy. The commission ruled that the driver was an employee of Deliveroo and not an independent contractor.

It was ruled that as Deliveroo had significant actual, or potential, control over how work was performed, when work was done and who received work this suggested the platform acted like an employer.

Although Deliveroo is likely to appeal the Fair Work Commission ruling, this case is another that the "gig" platforms have possibly further push back ahead.

[Employee/contactor decision tool](#)



Please join us for our June members webinar where we will be looking at "2020-21 A Payroll Year in Review".
Join us on **Thursday 24th of June 2021 at 1pm.**

[CLICK HERE TO REGISTER](#)