

# MEMBERS UPDATE



**JUNE  
2022**



In this month's members update we look at:

- Superannuation changes 1st July 2022
- NSW Payroll Tax Increase
- Paid family and domestic violence leave in awards
- Compliance – Casual Conversion

## Welcome to the June 2022 member's update

End of year is just around the corner and we wanted to highlight some changes that are coming up and some changes that are in discussions at the moment. It is also time to start booking yourself into the End of Year Seminar. The sessions will be held virtually as we make sure you are up to date with all things EOY and making sure you are ready for the new financial year. <https://www.austpayroll.com.au/end-of-year-seminars/>

## Superannuation changes 1st July 2022

As part of the Government's Treasury Laws Amendment Bill 2021, it has been decided from the 1st of July 2022 that the \$450 superannuation guarantee threshold will be removed. This also means that Fair Work are working to remove the \$350 monthly super threshold from the Hospitality Industry Award and the Restaurant Industry Award.

While your payroll software will more than likely be upgraded to take up the removal of the super threshold, it is worth noting the start date to ensure you can check your payroll setup is correct when the time comes.

## NSW Payroll Tax Increase

Payroll tax is a state tax calculated based on an employer or group's total amount of wages paid or payable. Wages paid include director, management and employee salaries, contractor payments and superannuation payments. In addition, employers must factor in fringe benefits, bonuses, commissions and termination payments.

Not all employers need to pay payroll tax — only those that exceed the payroll tax threshold.

In 2020, the NSW Government reduced the payroll tax rate to 4.85 per cent for the 2020/21 and 2021/22 financial years. As of the 1st July 2022 the rate is due to increase back to 5.45%.

## Paid family and domestic violence leave in awards

In May 2022, the Fair Work Commission (Commission) issued a provisional decision to include paid family and domestic violence leave in awards for full-time and part-time employees.

This decision isn't finalised yet and the Commission has asked for input from interested parties before making a final decision. The proposed paid leave would apply to permanent employees only and be paid at the base rate of pay. While the leave would accrue from year to year, it would not exceed 10 days.

Under the National Employment Standards, all employees (including part-time and casual employees) are entitled to 5 days unpaid family and domestic violence leave each year.

Currently, there is no action required, however you may want to start looking at how your system would implement change and also discuss with Finance and HR how it will impact them.

## Compliance – Casual Conversion

On 26 March 2021, the Fair Work Amendment introduced a number of changes to the Fair Work Act 2009 (Cth) (FW Act) relating to casual employment. It is important that Payroll work with HR and that all areas are on top of any changes required. As it has been a year it is time to review your process and catch up on any employees that have fallen through the process.

Here is a reminder of when you may need to offer a casual conversion to permanent employment.

- The casual employee has been employed for 12 months.
- The casual employee has worked a regular pattern of hours on an ongoing basis for the last 6 months.
- The casual employee could keep working those hours as a permanent employee without significant changes.
- There are no reasonable grounds to not make an offer.

**The annual review does not apply to small business employers (employers with 15 or fewer employees). Small business employers only need to review employees when the employee requests to be reviewed.**

Here are some areas that you may want to check to ensure that the Casual conversion process is picking up all eligible employees.

- Establish new processes to ensure compliance with casual conversion clauses (e.g. diarise 12 month anniversaries) in order to avoid penalties for non-compliance. Your system may be able to capture this. If it does it might be a report that you add to your month end.
- Ensure your payroll systems are equipped to manage casual conversion requests (e.g. recognition of continuous service, change in pay rates).

## FAQ

**Q. We pay the June 2022 payroll on the 2nd of July 2022. What rate of Superannuation do we pay?**

A. The super guarantee (SG) rate will also increase from 10% to 10.5% on 1 July 2022. You'll need to use the new rate to calculate super on payments you make to employees on or after 1 July, even if some or all of the pay period is for work done before 1 July. The SG rate is legislated to increase to 12% by 2025.

Make sure you update your payroll and accounting systems so that you continue to pay the right amount of super for your employees

[https://www.ato.gov.au/Business/Business-bulletins-newsroom/Employer-information/Get-ready-for-super-changes-from-1-July/#:~:text=The%20super%20guarantee%20\(SG\)%20rate,increase%20to%2012%25%20by%202025.](https://www.ato.gov.au/Business/Business-bulletins-newsroom/Employer-information/Get-ready-for-super-changes-from-1-July/#:~:text=The%20super%20guarantee%20(SG)%20rate,increase%20to%2012%25%20by%202025.)

**Q. Is Higher Duties included in OTE for Superannuation?**

A. Yes, as the higher duties allowance relates to work they are doing during their ordinary hours of work. As such it is added to their "normal pay" and becomes the rate of pay for those ordinary hours and is therefore part of their ordinary time earnings. As superannuation is payable on wages paid for ordinary hours of work, then it is also payable on the higher duties allowance.

## Members Webinar



Please join us for our June members webinar where we will be looking at **"2021-22 Year in Review"**.  
Join us on **Thursday 23rd of June 2022 at 1pm (Sydney time)**.

[CLICK HERE TO REGISTER](#)