



MEMBERS UPDATE

————— JUNE 2025 —————

Welcome to the June 2025 member's update

In this month's members update we look at:

- *Minimum wages increase*
- *Lump Sum E*
- *New Payroll Remediation Guide*
- *Payroll Tax Updates*
- *Reminder to update your membership contact details*
- *What is new in Our Members Portal*
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Minimum wages increase

The Fair Work Commission has announced a 3.5% increase to the National Minimum Wage and minimum award wages.

The National Minimum Wage applies to employees who aren't covered by an award or enterprise agreement.

From 1 July 2025, the National Minimum Wage will increase by 3.5%. This means the National Minimum Wage will be:

- \$948 per week, or
- \$24.95 per hour.

The new National Minimum Wage will apply from the first full pay period on or after 1 July 2025. This means if your weekly pay period starts on Wednesday, the new rates will apply from Wednesday, 2 July 2025.

Lump Sum E

Effective 1 July 2025, the \$1,200 threshold for reporting back payments as Lump Sum E via Single Touch Payroll (STP) will be removed.

What This Means for Employers:

- All back payments that accrued more than 12 months ago must be reported as Lump Sum E in your payroll system, regardless of the amount.
- These payments should be reported in the financial year in which they are paid.
- All back payments must be taxed in accordance with the PAYG Withholding Schedule 5 tax table.

For more information, refer to the Australian Taxation Office's guidance: <https://www.ato.gov.au/businesses-and-organisations/small-business-newsroom/the-way-you-treat-and-report-back-payments-is-changing>.

Please ensure your payroll processes are updated to comply with these new requirements.

<https://www.ato.gov.au/tax-rates-and-codes/payg-withholding-schedule-5-tax-table-for-back-payments-commissions-bonuses-and-like-payments>

New Payroll Remediation Guide

Fair Work have launched on 1 May 2025 their Payroll Remediation Program (PRP). The aim of the program is to assist employers in identifying and correcting large scale underpayments.

The guide includes information on:

- Diagnosing a problem and designing a large-scale employee-centred PRP
- Managing employee communications
- Finding and paying former employees
- What employers should expect if they self-report to us.

This guide is intended for employers and their representatives who suspect or have identified underpayments within their organisation. It is especially helpful for larger businesses dealing with complex payroll situations. That said, the guide also contains general information that can assist all employers in meeting their compliance obligations.

Key Features of the model:

1. Comprehensive, fair and transparent. This includes understanding the scope of potential noncompliance issues, their cause(s) and the impact.
2. Clearly defined guiding principles and appropriate governance including documenting the approach, progress and decisions, with senior oversight appropriate to the scale of the issues.
3. Timely, without sacrificing quality needed to accurately redress loss caused by non-compliance. This requires investment in adequate resourcing and prioritisation by the employer over and above business as usual activities.
4. Puts employees at the centre of all decisions and ensures wherever possible that outcomes put employees in the position they would otherwise have been in, but for



the non-compliance.

5. Involves genuine consultation and input on the remediation approach from employees and their union or representatives and any enterprise level consultative bodies or forums.
6. Makes it easy for employees by minimising complexity and avoiding the need for them to take onerous steps to get their owed entitlements.
7. Assumptions consider available evidence sources, are beneficial to employees or give them the benefit of the doubt, so the employer doesn't benefit from its poor record-keeping or systems (where assumptions are required e.g. due to the employer not keeping appropriate records or poor data quality).
8. Communicates pro-actively and effectively with employees and their representatives through the life of the program, including being responsive to issues or concerns, transparent with relevant information and providing opportunities for individuals to dispute findings relevant to them.
9. Identifies learnings and adapts or implements improvements to ensure optimal outcomes and future compliance, both during the remediation process and for a future culture of compliance.
10. Adopts a cooperative and transparent approach to engagement with the FWO and other regulators or stakeholders.

<https://www.fairwork.gov.au/newsroom/news/new-payroll-remediation-program-guide>

Payroll Tax Updates

Budget season for our states is underway, with VIC and NT already having delivered their budgets. Below are key dates for each state and outcomes for VIC and the NT.

State Budget Dates for 2025



ACT – Week Commencing 23 June 2025

NSW – Late June 2025

NT – 13 May 2025

QLD – 24 June 2025

SA – 5 June 2025

TAS – 29 May 2025

VIC – 20 May 2025

WA – 19 June 2025

VIC Budget Outcomes for Payroll Tax

- Annual tax free threshold will be increased from \$900,000 to \$1,000,000
- Rate remaining at 4.85% for Metro businesses
- Rate remaining at 1.2125% for regional employers
- No Changes to the COVID debt Levy or the Mental Health and Wellbeing Levy

NT Budget Outcomes for Payroll Tax

- Rate remaining at 5.5%
- From 1 July 2025 - tax free threshold increases to \$2.5 million from \$1.5 million and an increase in the maximum annual deduction to \$2.5 million
- Apprentice and trainee wages are exempt from payroll tax from 1 July 2025

Reminder to update membership contact details



This is just a reminder to update your membership contacts and team details for corporate membership. This means that your team can access the members' portal and receive emails for our members' webinar and updates.

Please see instructions below on how to add or remove team members.

Log in using the member's login



Click on Member Area



Click My Membership Info

Click on Team

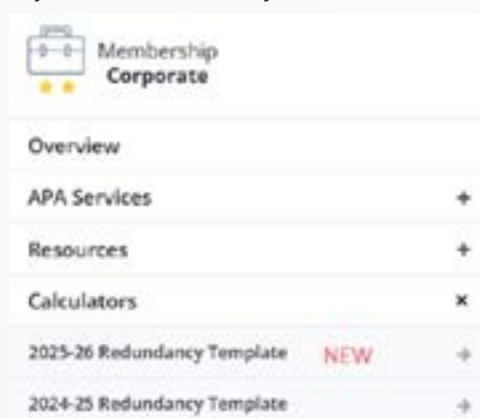


What is new in our Members' Portal

Exciting news for APA members! The Australian Payroll Association has just launched the **2025-26 Redundancy Template**, now available in the members' portal.

This easy-to-use tool helps you quickly and accurately calculate redundancy payments, taking into account all the key factors like length of service, pay rates, and tax implications. It's designed to save you time, reduce errors, and keep your payroll processes compliant with the latest legislation.

Log in to the members portal today to try out the Redundancy Calculator and streamline your payroll tasks!



COMPLIANCE

Award rate increases

Each year, the Fair Work Commission reviews the National Minimum Wage and the minimum award wages to decide if they should be increased. Typically, they make these announcements in June, with many of the award rate changes to take effect from the "first full pay period on or after 01 July" (FFPPA).

Pay Guide - General Retail Industry Award

[MA000004]

Pay rates change from 1 July each year, the rates in this guide apply from the first full pay period on or after 1 July 2025.

Information about the definition and operation of allowances, penalties and overtime can be found in the [award](#) and the [Pay and Conditions Tool](#).

This means if you have a weekly or fortnightly pay, and part of that pay cycle is before 01 July, and part is after, that pay period is paid at the previous award rates. Once a new pay period commences after 01 July, the new rates should apply from the start of that period.

23rd June – 6th July Old rate

7th July – 20th July New rate

Award rate changes can take effect at different times throughout the year, not just on a set date. To stay updated on pay and award changes, employers should subscribe to Fair Work Ombudsman email alerts [here](#).

When considering award rate increases, check for specific conditions that may affect individual employees, such as years of experience or demonstrated competency. For example, under the Nurses Award, some employees receive rate increases based on years of experience, which may include time worked with previous employers. Some awards, like the Social, Community, Home Care and Disability Services Industry Award, have progressive pay points—employees can move to the next pay point after 12 months of continuous service and satisfactory performance.

In summary, employers should:

- Track when award rates increase and their effective dates.
- Know the correct award and classification for each employee.
- Consider factors like years of service or performance milestones that may trigger individual pay increases.
- Regularly review relevant awards and subscribe to Fair Work Ombudsman alerts to ensure compliance.

The Australian Payroll Association solves payroll problems across various industries and employer sizes. We specialise in payroll compliance and related issues, ensuring your business meets legal standards and maintains payroll excellence.

If you feel that you need your superannuation calculations reviewed, please reach out to APA.

For more information about the consulting services offered by our Advisory Team please feel free to contact us at any time - [Payroll Consulting & Compliance](#) | [Australian Payroll Association](#)

FAQ

Q. What is the difference between Pension Age and Preservation Age?

In payroll we look at these ages when processing genuine redundancies and other ETP payments.

Pension Age – is used to determine if an employee is eligible for the tax-free portion of a genuine redundancy. Employees over the pension age are not eligible. You can use the table below to determine if an employee is above or below pension age by their date of birth.

Date of Birth	Age Pension Qualifying Page
Before 1/7/1952	65
1/7/1952 - 31/12/1953	65 years 6 months
1/1/1954 - 30/6/1955	66
1/7/1955 - 31/12/1956	66 years 6 months
After 1/1/1957	67

Preservation Age – is used to determine the tax rate of an ETP for amounts below the relevant ETP cap. For employees under preservation age, the tax rate is 32%, and for those over preservation age, the tax rate is 17%. The reason for this is based on when employees can access their preserved superannuation.

Date of Birth	Preservation Age
Before 1/7/1960	55
1/7/1960 - 30/6/1961	56
1/7/1961 - 30/6/1962	57
1/7/1962 - 30/6/1963	58
1/7/1963 - 30/6/1964	59
After 1/7/64	60

Upcoming Training Dates

Payroll training is fundamental to the success and stability of any organisation. Here is a list of the upcoming training that you might want to discuss doing with your payroll team.

Date	Course Name	Training Location
4 June 2025	Long Service Leave Masterclass	Virtual
5 June 2025	Advanced Payroll	Virtual
13 June 2025	Understanding the SCHADS award	Virtual
18 June 2025	Payroll Tax Masterclass	Virtual
19 June 2025	Payroll Essentials	Virtual
20 June 2025	Advanced Payroll	Virtual

[Click Here to Book Now](#)

MEMBERS AREA



Our June members webinar will be held on Thursday 26 June at 1pm (AEST) where we will be discussing “The Year in Review”.