



# MEMBERS UPDATE

JULY 2025

# Welcome to the July 2025 member's update

Welcome to the July 2025 members' update. In this month's members' update, we update our payroll quick reference guide, summarising all the rates and thresholds you need to know, including:

- *Genuine Redundancy Tax Free Limit*
- *ETP Cap*
- *Superannuation Maximum Contribution Base*
- *Payroll Tax*
- *Income Tax Rates*
- *Child Support Protected Earnings*

And more!



# Payroll Quick Reference Guide - 2025 – 2026

Terminations				
Tax on leave on Termination				
Payment Type:	Reason:	Accrual Dates	Withholding rates (including Medicare Levy):	Income Statement Label:
Annual Leave & Leave Loading	Normal termination (e.g., Voluntary resignation, employment terminated due to inefficiency, retirement)	Pre 18 August 1993	32%	Leave Sum A, Type Code T
		Post 17 August 1993	Marginal Rate	Include in Paid Leave Type U
	Termination because of genuine redundancy, invalidity or approved early retirement scheme		32%	Leave Sum A, Type Code R
Long Service Leave	Normal termination (e.g., Voluntary resignation, employment terminated due to inefficiency, retirement)	Pre 16 August 1978	5% of total @ marginal rate	Lump Sum B
		16 August 1978 to 17 August 1993	32%	Include in Paid Leave Type T
		Post 17 August 1993	Marginal	Include in Paid Leave Type U
	Termination because of genuine redundancy, invalidity or approved early retirement scheme	Pre 16 August 1978	5% of total @ marginal rate	Lump Sum B
		16 August 1978 to 17 August 1993	32%	Leave Sum A, Type Code R
		Post 17 August 1993		

Termination				
Employee Termination Payments				
Income component derived by your employee in the income year	Age of person at the end of the income year that the payment is received	Component subject to PAYG withholding	Withholding rates (including Medicare Levy):	Cap to apply
<b>**Life benefit ETP – taxable component</b> Payment is because of: early retirement scheme genuine redundancy, invalidity compensation for personal injury, unfair dismissal, harassment or discrimination.	Under preservation age (see preservation age table)	Up to the ETP cap amount	32%	ETP Cap - ETP Code R
	Preservation age or over (see preservation age table)	Up to the ETP cap amount	17%	
	All Ages	Amount above the ETP cap amount	47%	
<b>**Life benefit ETP – taxable component</b> Payment is: a ‘golden handshake’ non-genuine redundancy payment severance pay, a gratuity, in lieu of notice, for unused sick leave for unused rostered days off.	Under preservation age (see preservation age table)	Up to the relevant cap amount	32%	Smallest of ETP cap and whole-of-income cap  - ETP Code O
	Preservation age or over (see preservation age table)	Up to the ETP cap amount	17%	
	All Ages	Amount above the relevant cap amount	47%	
<b>Death benefit ETP paid to nondependants – taxable component</b>	All Ages	Up to the ETP cap amount	32%	ETP Cap
		Amount above the ETP cap amount	47%	
<b>Death benefit ETP paid to nondependants – taxable component</b>		Up to the ETP cap amount	Nil	
		Amount above the ETP cap amount	47%	
<b>Death benefit ETP paid to a trustee of a deceased estate</b>		-	Nil	
Employment Termination Payment Caps				
	ETP Cap		Whole of Income Cap	
Current ETP Cap:	The ETP cap is a limit on how much of the ETP receives concessional tax treatment. The amount over this cap will be taxed at the highest marginal tax rate.		The employee’s assessable income is taken into account when taxing the ETP (e.g., YTD assessable income, unused AL/ LSL, etc.). The amount over this cap will be taxed at the highest marginal tax rate.	
	\$260,000		\$180,000	
Genuine Redundancy or Approved Early Retirement Schemes				
	Base Limit	For each completed year of service		Income Statement Label:
Tax free up to:	13,100	6,552		Lump Sum D
Amount over the Tax free portion:	Employment Termination Payment (ETP) - See table above			

Terminations	
Date of Birth	Preservation Age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
From 1 July 1964	60
Notice Periods (NES)	
Not more than 1 year	1 week
More than 1 year, but not more than 3 years	2 weeks
More than 3 years, but not more than 5 years	3 weeks
More than 5 years	4 weeks
**The relevant notice period increases by 1 week if the employee is over 45 years old and has completed at least 2 years' continuous service with the employer.	
Redundancy Pay (NES)	
At least 1 year but less than 2 years	4 weeks
At least 2 years but less than 3 years	6 weeks
At least 3 years but less than 4 years	7 weeks
At least 4 years but less than 5 years	8 weeks
At least 5 years but less than 6 years	10 weeks
At least 6 years but less than 7 years	11 weeks
At least 7 years but less than 8 years	13 weeks
At least 8 years but less than 9 years	14 weeks
At least 9 years but less than 10 years	16 weeks
At least 10 years	12 weeks
**Check your award, industrial instrument or employee contracts for potential different entitlements for notice periods or redundancy pay	

Individual Tax Rates	
Resident tax rates 2025 - 2026	
Taxable income:	Tax on this income:
0 - \$18,200	Nil
\$18,201 - \$45,000	16c for each \$1 over \$18,200
\$45,001 - \$135,000	\$4,288 plus 30c for each \$1 over \$45,000
\$135,000 - \$190,000	\$31,288 plus 37c for each \$1 over \$135,000
\$190,001 and over	\$51,638 plus 45c for each \$1 over \$190,000
The above rates do not include the Medicare levy of 2%.	
Foreign Resident Tax rates 2025 - 2026	
Taxable income:	Tax on this income:
0 - \$135,000	30c for each \$1
\$135,001 - \$190,000	\$40,500 plus 37c for each \$1 over \$135,000
\$190,001 and over	\$60,850 plus 45c for each \$1 over \$190,000
Working Holiday Makers 2025 - 2026	
Taxable income:	Tax on this income:
0 - \$45,000	15c for each \$1
\$45,001 - \$135,000	\$6,750 plus 30c for each \$1 over \$45,000
\$135,001 - \$190,000	\$33,750 plus 37c for each \$1 over \$135,000
\$190,001 and over	\$54,100 plus 45c for each \$1 over \$190,000

Tax Tables	<a href="https://www.ato.gov.au/tax-rates-and-codes/tax-tables-overview">https://www.ato.gov.au/tax-rates-and-codes/tax-tables-overview</a>
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Child Support Protected Earnings Amounts from 1 January 2025 to 31 December 2025	
Pay cycle	PEA Calculation
Weekly	\$534.23
Daily	\$534.23 / 7 days = \$76.31857
Fortnightly	\$534.23 x 2 = \$1,068.46
4 Weekly	\$534.23 x 4 = \$2,136.92
Monthly	\$76.31857 x 30.4375 days per month = \$2,322.95
High Income Threshold	\$183,100
ATO Cents per Kilometre Rate	.88c per kilometre** Tax free for the first 5,000 business kms reimbursed each financial year

ATO Overtime Meal Allowance Reasonable Amount	\$38.65	Overtime meal allowances up to the reasonable amount are not taxable or reportable. Amounts above the reasonable amount are taxable, with the whole amount reported as MD
ATO Reasonable Travel Allowance	TD 2025/4	<a href="https://www.ato.gov.au/law/view/view.htm?docid=%22TXD/TD20254/NAT/ATO/00001%22">https://www.ato.gov.au/law/view/view.htm?docid=%22TXD/TD20254/NAT/ATO/00001%22</a>

Individual Tax Rates	
Fringe Benefit Gross Up rates (April 1 2025 - 31 March 2026)	
Type 1 - Higher Gross up rate	2.0802
Type 2 - Lower Gross up rate	1.8868
Superannuation	
Superannuation Guarantee 1/7/2025	12%
Quarterly Maximum Super Contribution base	\$62,500
** The maximum super contribution base is used to determine the maximum limit on any individual employee's earnings base for each quarter of any financial year. Employers do not have to provide the minimum support for the part of earnings above this limit. Unless provided for otherwise in an employees contract or industrial instrument.	

## Payroll Tax 2025-26

State	Monthly Threshold (Total Australian Wages)	Yearly Threshold (Total Australian wages)	Rate
NSW	\$101,918 (31 days) \$98,630 (30 days) \$92,055 (28 days)	\$1,200,000	5.45%
VIC	\$83,333	\$1,000,000 (deducting phasing out of 45% between \$3 - \$5 million)	4.85% (1.2125% if 85% of wages paid to regional employees) + Mental Health surcharge + COVID surcharge
SA	\$50,000	Does not exceed \$1.5M Exceeds \$1.5M but not \$1.7M Exceeds \$1.7M	Nil Variable 0-4.95% 4.95%
QLD	\$108,333	Does not exceed \$1.3M Exceeds \$1.3M but not \$6.5M Exceeds \$6.5M	Nil 4.75% 4.95% Regional employers may be entitled to a 1% discount rate until 30 June 2030.
TAS	(I) \$106,164 / (S) \$169,863 (31 Days) (I) \$102,740 / (S) \$164,384 (30 Days) (I) \$95,890 / (S) \$153,425 (28 Days)	\$2,000,000 \$1,250,000 - \$2,000,000	6.10% 4.00%
ACT	\$166,667	\$2,000,000	6.85% +surcharge for large business - 0.5% surcharge on taxable wages above the threshold, for businesses with Australia-wide wages above \$4,166,666.66 mthly; & - 1.0% surcharge - Australia-wide wages \$8,333,333.33 monthly.

NT	\$208,333.33	\$2,500,000 Tapering	5.50%
WA	\$83,333	\$1,000,000 \$1,000,000 to \$7,500,000 - diminishing threshold applies	5.50%

## New Fairwork Award Pay Guides

For the new financial year, the Fair Work Commission has announced a **3.5% increase** to the National Minimum Wage and minimum award wages, effective from the first full pay period on or after **1 July 2025**.



### Pay Guide - Clerks - Private Sector Award

[MA000002]

Published 25 June 2025

When do the rates in the pay guide apply from? The **first full pay period starting on or after 01 July 2025**.

**Updated pay guides** - are now available for download on the Fair Work Ombudsman website. These guides provide the latest minimum pay rates for full-time, part-time, and casual employees under each award, along with details on allowances and penalty rates.

<https://www.fairwork.gov.au/pay-and-wages/minimum-wages/pay-guides#a-to-z-list-of-awards>

- Review what awards your employees are covered under
- Check when the first full pay period is for the rate increase.

## SMSF Check

Employers must ensure that any superannuation contributions made to an employee's self-managed super fund (SMSF) are paid into a complying fund, as this is a legal requirement for superannuation guarantee (SG) payments.

### How to Check if an SMSF is Compliant?

Use Super Fund Lookup:

Visit <https://superfundlookup.gov.au/> to check the current compliance status of any SMSF. This tool provides up-to-date information on whether an SMSF is eligible to receive employer contributions.

Super Fund Lookup

Super Fund Lookup contains publicly available information about super funds that have an ABN. It includes super funds regulated by the [Australian Taxation Office \(ATO\)](#) and the [Australian Prudential Regulation Authority \(APRA\)](#).

Search by ABN, ACN or name:

🔍

! Where to go to find out more about your super

### Check Status Regularly:

The compliance status of an SMSF can change. Regularly verify the fund's status before making payments.

- Run a report for all SMSFs regularly and use the Super Lookup page to confirm this is compliant. This may be done Quarterly or annually.

# Superannuation on Government Paid Parental Leave Pay 1st July 2025

From 1 July 2025, the Australian government will pay superannuation on government-funded Parental Leave Pay (GPPL) for eligible parents with babies born or adopted on or after this date. The superannuation contribution is calculated at 12% of the Parental Leave Pay amount, matching the Superannuation Guarantee rate, and includes an interest component.

The Australian Taxation Office (ATO) will make a lump sum superannuation payment to the recipient's nominated superannuation fund after the end of the financial year in which the leave was taken, with the first payments expected from July 2026. This change is designed to improve retirement savings, particularly for women, and address the gender gap in superannuation balances. Eligible parents do not need to apply separately for the superannuation contribution; Services Australia and the ATO manage the process automatically.

- If the employer currently pays superannuation on GPPL, discuss with your company if they will continue this or not.
- Update your company policy to specify that superannuation will be paid by the government, not the company.

## Lump Sum E \$1,200 Threshold Removal from 1 July 2025

From 1 July 2025, the \$1,200 threshold for reporting Lump Sum E payments under Single Touch Payroll (STP) will be removed. This means employers must report all back payments that accrued more than 12 months before the payment date as Lump Sum E, regardless of the amount. Previously, only back payments over \$1,200 that met the timing criteria required this reporting.

This change simplifies reporting by eliminating the need to check if the payment exceeds the threshold—now, only the timing (more than 12 months before payment) determines if a back payment should be reported as Lump Sum E.

<https://www.ato.gov.au/businesses-and-organisations/small-business-newsroom/the-way-you-treat-and-report-back-payments-is-changing>

- Check how to report back pays in your payroll system

## Jewell v Magnium Australia Pty Ltd: Key Takeaways on Employer Termination Payment Obligations

There was a recent case of *Jewell v Magnium Australia Pty Ltd (No 2)* [2025] FedCFamC2G 676 which had a significant decision from the Federal Circuit and Family Court of Australia regarding employer obligations to pay termination entitlements by the final day of employment.

We have reviewed this recent court case on this matter and discussed its implications internally. In addition, we have noted that many employment lawyers have also been providing advice regarding the decision. While APA is unable to provide legal advice, we have noted the following information that is currently available.

As you may be aware, awards, agreements, and contracts cannot provide conditions less beneficial than those set out in the National Employment Standards (NES). The NES requires that payment in lieu of notice must be made on or before the employee's termination date. Therefore, if an award stipulates a payment period of seven days after termination, this would not comply with NES requirements for payments in lieu of notice (see Section 117 of the Fair Work Act).

With respect to annual leave on termination, recent court decisions have indicated that this payment is also intended to be made on the termination date. Specifically, Section 90(2) of the Fair Work Act states:

*"If, when the employment of an employee ends, the employee has a period of untaken paid annual leave, the employer must pay the employee the amount that would have been payable to the employee had the employee taken that period*

of leave.”

This is generally interpreted to mean payment should be made as at the termination date, which aligns with the court’s conclusion. However, it is important to note that Fair Work has not yet issued a definitive ruling on this point, and we are awaiting further guidance.

As mentioned above, APA cannot provide legal advice in this area. However, we are monitoring developments closely and will keep our members informed as soon as further information becomes available.

- Review and update payroll processes so that all termination entitlements are processed and paid to departing employees on time.

## National Payroll Day

National Payroll Day is celebrated annually, and this year it will fall on 25 July to recognise the crucial role of payroll professionals. Payroll professionals ensure employees are paid accurately and on time, often going above and beyond to keep businesses running smoothly, even during holidays and periods of change.

*“Payroll is the heartbeat of every business—without it, nothing moves forward.” Australian Payroll Association*

### Why Celebrate?

**Recognition:** Payroll professionals are often unsung heroes within organisations. Their dedication and attention to detail are vital for business success.

**Team Morale:** Celebrating this day boosts morale and highlights the importance of payroll within your team and company.

**A Chance to Shine:** It’s a chance for payroll staff to feel valued and appreciated for their hard work.

### How to Celebrate National Payroll Day

Here are some ideas to make the day special for your payroll team:

- **Thank You Notes:** Write personalised thank you cards or emails expressing appreciation for their hard work.
  - **Team Lunch or Morning Tea:** Treat your payroll staff to a catered lunch, morning tea, or coffee break.
  - **Professional Development:** Offer a training session, workshop, or webinar to support their career growth.
  - **Recognition in Meetings:** Acknowledge your payroll team’s contributions in company meetings or newsletters.
  - **Social Media Shout-Outs:** Use the hashtag #APANationalPayrollDay to share stories, photos, or messages of thanks.
  - **Gifts or Vouchers:** Small gifts, gift vouchers, or company-branded merchandise can be a great way to show appreciation.
  - **Team Activity:** Organise a fun team-building activity or an afternoon of games to unwind together.
- Talk to management about how they are going to recognise this day.
  - Share on LinkedIn a picture of your team and how you are being recognised for your hard work.

## What is on the Members Portal - Monthly Members Webinar



The Australian Payroll Association (APA) offers a comprehensive library of recorded member webinars designed to support ongoing training and professional development for payroll teams. These webinars cover a wide range of topics, from terminations, death of an employee, superannuation and so much more.

The webinars are part of the “Creating Confidence in How People Are Paid” series, aiming to empower teams with up-to-date knowledge and foster a supportive community for payroll professionals.

By reviewing these recordings as a team, teams can stay informed about regulatory changes, learn from real-world scenarios, and enhance their skills in a flexible and accessible format. This can mean that teams can discuss together how these changes will impact the company and their team.

# Compliance - Navigating Payroll Reporting & Tax Changes in the New Financial Year: Are You Ready?

As we enter the new financial year, payroll teams across Australia are once again faced with a wave of regulatory updates. From increased superannuation and pay rates to updated reporting obligations, staying compliant is not just about ticking boxes; it's about protecting your business, your people, and your reputation.

## Key Changes to Be Aware Of:

### 1. Superannuation Guarantee (SG) Rate Increase

From 1 July, the SG rate increases to 12%. Payroll systems must be updated accordingly, and salary packaging arrangements reviewed to avoid compliance risks.

### 2. Payroll Tax Threshold Adjustments

Several states and territories have made adjustments to payroll tax thresholds and rates. These changes can impact your payroll tax liability and require updates to your payroll calculations and systems.

### 3. Single Touch Payroll (STP)

STP reporting is maturing, and more scrutiny is being applied to how income types, allowances, and paid leave are classified. Employers should verify that pay codes and reporting categories are correctly mapped to meet ATO requirements.

### 4. Minimum Wage and Award Updates

Following the Fair Work Commission's annual wage review, updates to minimum wage rates and modern awards take effect from the first full pay period after 1 July. This is particularly relevant for businesses with a high proportion of award-covered employees.

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 payroll and compliance goals looked at this financial year, 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](#)



**Q. What tax rate do I use on a termination if the termination date is the 30th June, but the payment date is in the new financial year?**

A. When a termination payment is made, the relevant tax rates and superannuation rate are generally determined by the financial year in which the payment is made, not the termination date

If the payment is made on or after the 1st of July, the termination tax for any ETPs will be based on the new rates. Any superannuation on in lieu of Notice paid out on termination paid on or after the 1st of July, will attract superannuation at the new rate of 12%.

**Q. Are all employees entitled to the tax-free portion of a genuine redundancy?**

A. No, not all employees are automatically entitled to the tax-free portion of a genuine redundancy payment. To qualify for the tax-free amount, the redundancy must meet specific criteria set by the Australian Taxation Office (ATO):

- < pension age at the date of termination
- There is no arrangements to employ the employee after the dismissal
- The termination is not at the end of a fixed period of employment

If these conditions are not met, the payment is not considered a genuine redundancy and is taxed as part of an employment termination payment (ETP), without the tax-free component.

TR 2009/2 | Legal database

## Upcoming Training Dates

Payroll training is fundamental to the success and stability of any organisation. It ensures that your payroll team is up to date with the latest legislative changes, compliance requirements, and industry best practices.

### July 2025 Training

Course	Date
Payroll Essentials	23 July – 8.45 to 16:45 EST
Advance Payroll	24 July – 8.45 to 16:45 EST
Understanding Modern Awards	30 July – 8.45 to 16:45 EST
Superannuation Masterclass	31 July – 13.00 to 17:00 EST

[Click here to Book Now](#)

### MEMBERS WEBINAR



Our July members webinar will be held on Wednesday, 30th July at 1 pm (AEST) where we will be discussing “*Backpays - Tax, Lump Sum E reporting, superannuation*”.

From 1 July 2025, all back payments over 12 months old must be reported as Lump Sum E—no matter the amount. Learn how to:

- Correctly report Lump Sum E in Single Touch Payroll
- Understand superannuation obligations on backpays
- Handle multi-year reporting with practical examples

Perfect for payroll, HR, accountants, and business owners ready to stay compliant and avoid costly errors.

Register now and get your payroll ready for the new financial year!

[REGISTER NOW!](#)