

EMPLOYER'S CHECKLIST



Bookkeeper **2** Business



Welcome,
Your business is growing and you need a new employee, it can be an exciting time! Taking on employees is an important step because it allows you to leverage your time and grow your business.

But: most business owners get this wrong!
Our checklist will help you navigate the complex world of employment.

Before

- 🕒 **Job Description:** Avoid disagreements about the role by defining your job description before you advertise or interview prospective new employees. You can later work with the successful applicant to change this BEFORE the employee starts work.
- 🕒 **Set Up a Payroll System:** Make sure that you have a bookkeeping system that can electronically report Gross Wages, Tax, and Super amounts to the Australian Taxation Office (ATO) using a system called 'Single Touch Payroll.' We recommend the program Xero, and we offer a payroll service to help smooth the process.
- 🕒 **Consider Your Trading Structure:** Now is a good time to reconsider your structure. If you operate as a Sole Trader, you could look at trading via a company to minimise some of the risk associated with employees.

- 👉 **Get a WorkCover Policy.** A large fine can apply when you do not have a policy in place **before** the employee's start date. WorkCover is state based. Please find some of the links below:
 - Queensland: <https://www.worksafe.qld.gov.au/>
 - New South Wales: <https://www.icare.nsw.gov.au/>
 - Victoria: <https://www.worksafe.vic.gov.au/simple-guide-workcover-insurance>

- 👉 **Award:** Decide which Modern Award applies, and the particular role and level. Make sure the role and level accurately reflect the job that you want to fill.

- 👉 **Employment Contract:** It's vital to set the conditions including leave entitlements; hours of work; and pay cycle (we recommend a fortnightly pay cycle where possible). Minimum conditions are set in the awards and can be further refined in an employment agreement.

But: be very careful. We see many employment agreements that contain clauses that are simply illegal - for example, assigning no annual leave to a casual employee who works over 20 hrs per week. This is often not permitted under Fair Work rules. Provisions in your employment agreement that are not permitted under the award or Fair Work, serve only to document your own errors! Be very careful if you decide to use an online fill-able template contract of any type.

We recommend that you talk to a Human Resources (HR) Consultant. If you would like a referral to our preferred HR consultant, simply email your details including your phone number to janelleb@accountantbusiness.com.au and we set up your no-obligation phone meeting.

- 👉 **HR Consultants:** Some HR Consultants operate on a monthly subscription basis with a minimum contract. We would caution you against using any of these, as these normally give you access to their online help with minimal personal service and it's a certain and expensive path to errors. Our preferred HR Consultants charge a modest fee for each service and offer a free initial phone discussion.

- 👉 **Workplace Health and Safety:** You must comply with the Work Health and Safety Act 2011. This is a complex area; your HR Consultant can assist you further.

- 👉 **Register Pay As You Go Withholding (PAYGWH):** You must register with the (ATO).

Start of Employment

You must provide your employee with some documents in the first week, preferably on the first day. Our clients have access to these first three documents on our website in the Client Area.

You should provide the employee with:

- ✔ ATO Tax File Number Declaration Form
- ✔ Super Choice Form
- ✔ Fair Work Statement
- ✔ Employment Agreement

The first day for your new staff member should include a formal induction.

During the First Week of Employment

Ensure that:

- ✔ Your employment agreement is signed and returned to you.
- ✔ The TFN declaration form has been completed and returned to you. If you use our Payroll Service, simply send this form to us. If you process your own payroll in Xero, enter the details into Xero Payroll.
- ✔ You must provide any employee details that you do have (name, address, etc) to the ATO using TFN 000 000 000 if the form has not been provided to you within 14 days. You must also withhold 47% of gross pay for tax.
- ✔ You have the Super Choice form returned from the employee. If the employee does not return the form, you must contact the ATO to determine the details of the employee's Stapled Super Fund and include the details in your payroll system. If you use our Payroll service, simply send the Super Choice form to us. If we don't receive it, we will contact the ATO on your behalf and determine the correct Stapled Super for your employee.



Ongoing

- ☞ Pay employees according to the cycle in their employment contract. We recommend a fortnightly pay schedule because this reduces the administration time and cost.
- ☞ Provide employees with pay slips soon after each pay. Your Pay slips must comply with ATO's rules. Systems like Xero will produce pay slips, but you must ensure that the details comply with regulations and are correct.
- ☞ Lodge Single Touch Payroll with the ATO after each pay run.
- ☞ Report wages and PAYG withheld amounts to the ATO with your Business Activity Statement (BAS) or Instalment Activity Statement (IAS). The ATO will start you on a quarterly cycle and will change that to monthly if your payroll is large.
- ☞ Pay Super on time, usually before the 28th of the month after the end of the previous quarter.
- ☞ Fringe Benefits Tax (FBT): is levied when you pay private expenses for employees. It is very expensive and we recommend that you avoid making these payments. For example, if you pay \$1,000 for a gym membership for your employee, the FBT payable is about \$950! If you agree to pay additional amounts always, add these to the employees wage in your payroll system so that the correct tax is calculated (PAYGWH).

- 👉 Motor vehicles are more complicated because the FBT depends on any tax deductibility of the vehicle. Talk to us about your options. Making payments for a motor vehicle owned by an employee, should always be done via a motor vehicle allowance in the payroll system and be sure to comply with PAYGWH obligations.
- 👉 Pay reviews should be done annually with a formal performance review. We recommend scheduling these prior to the end of the financial year. Increases should be based on CPI and performance. Don't be drawn into ad hoc wage reviews or making wage advances.

How We Can Help

- 👉 Our Easy Online Payroll service can smooth the way with your payroll system and make compliance a easy!
- 👉 Our BAS service will make BAS time a breeze, providing efficient BAS preparation and lodgment. This also includes staff Super lodgments, so there is no need to stress about compliance.
- 👉 Our clients can request free SMS reminders to pay their super on time.

This checklist is not exhaustive: it does not take into account your individual circumstances, and the specific advice might not be right for you. Book a meeting to speak to us about our Easy Online Payroll and BAS service today!

Book an Appointment

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