

Payroll compliance for franchisee

When you are employing staff in your franchise business, it is your responsibility to ensure that you are complying with the relevant payroll legislations and authorities. Franchisees are required to comply with Australian Taxation Office's (ATO) requirements, pay employees' superannuation and provide insurance cover for all eligible employees.

1) Pay As You Go (PAYG) Withholdings

PAYG withholdings are amounts that an employer withholds from employees' salaries and forwards to the ATO to cover employees' tax liabilities. Before withholding these amounts, a business must register for PAYG withholdings.

To determine how much to withhold, each employee needs to complete a tax file number declaration form. You then use the information on this form, together with tax tables published by the ATO, to determine how much to withhold from each salary payment. The withheld amounts are then reported on the Business Activity Statement and the payments forwarded to the ATO. The frequency of this depends on the total amount that you withhold in a year. For any withholding amount up to \$25,000, usually it will be a quarterly obligation. For withholding amount from \$25,000 to \$1 million it is generally a monthly obligation.

At the end of the financial year, you must issue an annual payment summary (sometimes referred to as a group certificate) to each employee for whom you have withheld PAYG payments. This shows the total salary paid to the employee during the year and also the total amount that has been withheld for PAYG purposes. These should be provided to the employee by 14 July.

You must also lodge an annual summary with the ATO by 14 August, showing total wages and PAYG withholdings for all your employees.

2) Superannuation

The superannuation guarantee requires employers to make superannuation contributions for all eligible employees. To be eligible, employees must be aged between 18 and 69 years and earn at least \$450 a month before tax. Those under 18 are also eligible if they work at least 30 hours per week and meet this minimum monthly wage amount.

You must pay a minimum of 9% of each eligible employee's earnings, based on their normal working hours. Payments should be made quarterly and are due 28 days after the end of each quarter. Superannuation payments can be claimed as a business tax deduction.

Most employees including those employed under most federal and state awards must be given the option of choosing which superannuation fund they want their entitlements to be paid to. If employees do not choose a superannuation fund, the employer can nominate a fund as long as it complies with ATO requirements.

Payroll compliance for franchisee

3) Workcover

Workcover is an important aspect of any business with employees. Workcover does not come under federal legislation but rather, each state and territory has its own Workcover authority. While there are some differences between the various authorities, the principle is the same throughout the country.

Workcover is an insurance scheme which provides payments to employees who got injured on the job and guards employers against having to pay the full cost of expenses incurred due to a employee's injury. It covers such things as weekly payments while the employee is unable to work, lump sum payments for permanent disability, medical and rehabilitation expenses.

Employers must pay an annual premium to a Workcover insurer. The amount of the premium depends on factors including the industry in which the business operates and the size of the business.

Conclusion

Employees are one of the most valuable assets that a franchise business has. Therefore, it is imperative that employees are being well looked after and to ensure all their entitlements are fulfilled accordingly. As a result, this will keep both employees and the regulators happy.

We would like to speak to you and assist if you have any questions or concerns. Contact us now for your **complimentary** and **no obligation** first meeting to discuss on how we can assist in managing your compliance when employing staff.

Your contact

Choon Chong

Partner

T: +61 (3) 8601 1188

F: +61 (3) 8601 1180

M: +61 (4) 03 020 878

E: chchong@ascendpoint.com.au

W: www.ascendpoint.com.au

21 Jan 2013 © AscendPoint 2013

Disclaimer

This publication is intended as a general commentary only and does not purport to be comprehensive. It should not be regarded as tax advice and you should not act solely on the information contained herein. Please contact AscendPoint to further discuss about your circumstances or concerns.

