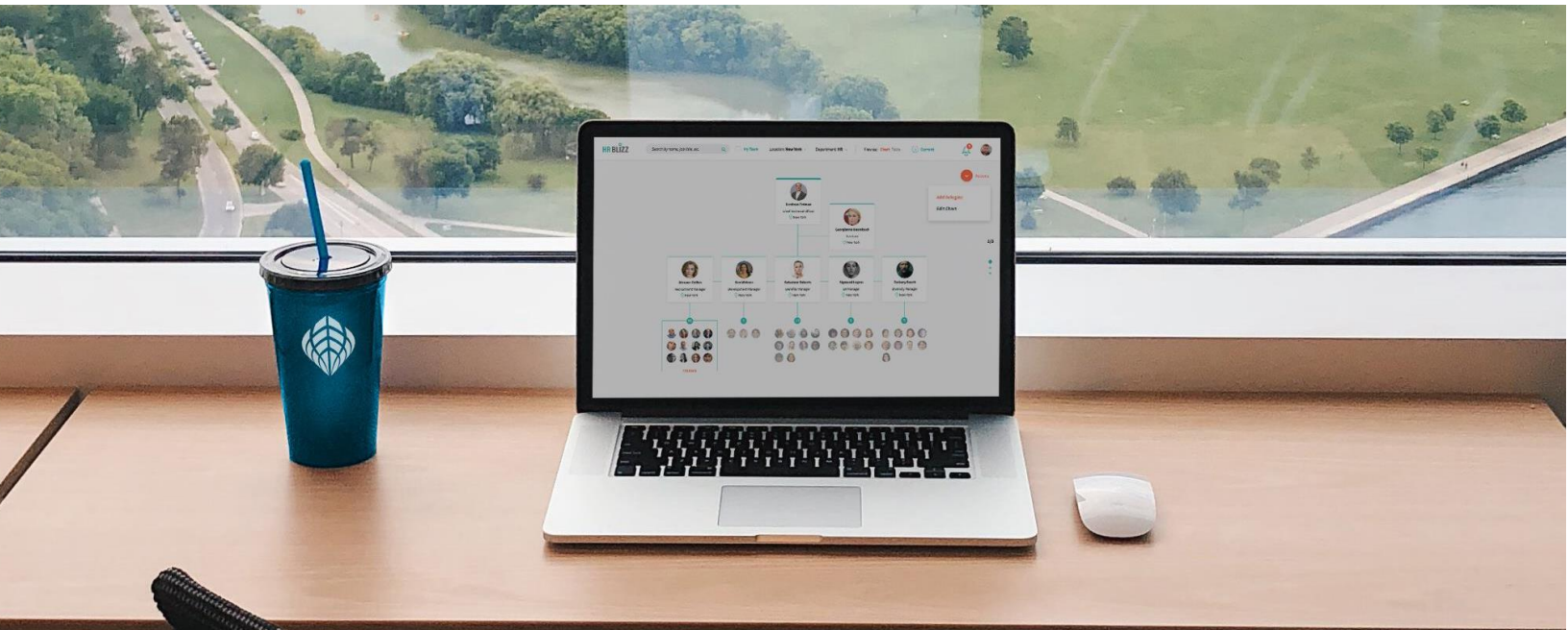




Simplifying Employment  
Tasks Worldwide

# Payroll & Tax Highlights

## 2020 Global Payroll Country Guide for Australia



### AUSTRALIA



April 15, 2020



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## We help you achieve your global ambitions

Thank you for trusting Mercans to outsource your HR and Payroll functions. We propose HR consulting services, actionable solutions, and cost-effective global payroll processing tools to energize your human capital management in real-time and augment your performance. We are dedicated to becoming your business growth facilitator.



### **Global Payroll Solutions – Boost your HR brand and employee satisfaction**

Rationalize your HR budgets, monitor your data, and optimize your global payroll tasks in real-time. Systematize processes and streamline HRM lifecycles with HR Blizz™, our unified SaaS platform, to ensure your employees are paid accurately and on time.



### **PEO/GEO Services – Easily hire, deploy and manage your workforce abroad**

A reliable Professional Employer Organization (PEO), Mercans is your trusted employer of record to globally select, engage, and manage highly-qualified personnel on your behalf, through integrated Global Employment Outsourcing (GEO).



### **Global Talent Acquisition – Quickly fill vacancies with only the best candidates**

Mercans supports you in designing/deploying long-term HR strategies and processing full-cycle recruitment. Our ATS Suite Mesaar™ and our hiring experts help to screen, select, attract the right candidates for your organization, and populate your pipeline of prequalified talents.



### **BPO Services – Reclaim the focus on your core activities to expand your business**

Concentrate on the essentials: outsource non-primary activities and your front- and back-office functions to Mercans. Save the time, money, and energy needed to refine the value chain engagement of your customers and suppliers, and increase revenue.



### **HR Management SaaS – Access customizable cloud-based online platforms**

Centralize your HR function on an all-in-one user-friendly and self-service platform. Combined with the expertise of our consultants, the Mesaar SaaS offers a built-in applicant tracking system and easy-integration features to improve internal processes.



### **Local Statutory Compliance – Forget the hassle of setting up branches abroad**

Mercans seasoned HR advisory team are compliance experts specialized in local cultures, business protocols, and tax and legal specificities. They are committed to ensure quick go-to-market abroad and achieve a compliant global expansion, risk-free from A to Z.



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## Mercans at a Glance

**140+**

Countries

**20**

Years of Success

**500+**

Specialists

**5k+**

Customers Worldwide

**97%**

Client Retention Rate

**1.5X**

Annual Revenue Growth

**25k+**

Largest Single Payroll

**2.5M+**

Pay Slips per Annum

**0**

Security Breaches

**Number one** for outsourced payroll services, we are endorsed by international authorities.



Mercans has the highest industry quality and IT security certifications.





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## Australia – Enters 28<sup>th</sup> Year of Consecutive Annual Economic Growth

Australia has entered its 28th year of consecutive annual economic growth, setting a new record among developed economies for uninterrupted expansion. This enviable record of steady growth proves the robustness of Australia's economy and its reliability as a low-risk and safe environment in which to do business. The country's strong regulatory institutions, ability to respond to global changes, and diversified, services-based economy underpin its steady growth, but slipped back to second highest after Switzerland in 2019.

Rich in natural resources, Australia is a major exporter of agricultural products, particularly wheat and wool, minerals such as iron ore and gold, and energy in the forms of liquified natural gas and coal. Although agriculture and natural resources constitute only 3% and 5% of GDP, respectively, they contribute substantially to Australia's export composition. Australia's largest export markets are Japan, China, South Korea, India and the US.

Australia's highly educated, multilingual and multicultural workforce has an entrepreneurial spirit. The country has world-leading capabilities in blockchain and quantum computing, and its robust startup ecosystem has strong competencies in agtech, edtech, fintech, foodtech and medtech.

Mercans and its affiliates do not provide tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.



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# Doing Business in AUSTRALIA

## Entity Registration & Incorporation Requirements

Foreign companies may establish an Australian subsidiary by registering a new company or by acquiring a recently incorporated shelf company which has not yet engaged in trade. Companies are incorporated with the Australian Securities and Investments Commission (ASIC). Companies incorporated in Australia will be issued with a unique nine-digit Australian Company Number (ACN). The Corporations Act 2001 (Cth) (Corporations Act) provides that a company may be:

- unlimited with share capital
- limited by shares
- limited by guarantee
- no liability (although this only applies if the company's sole objects are mining or mining related objects).

## Procedures for Establishing Companies in Australia

The process involved in incorporating a proprietary company is:

**Step 1:** The foreign company must choose a company name for the Australian subsidiary and ensure that the name is available and acceptable for registration.

**Step 2:** The foreign company must complete the relevant application form and lodge the form with ASIC. ASIC will only register the company if the name is available.

The form asks for details about the corporation, including:

- the registered office and principal place of business in Australia
- the share structures
- shareholders
- the proposed directors/secretaries of the Australian subsidiary (the details required include the names, residential addresses, date and place of birth).

At least one director must be an Australian resident and companies cannot be directors.

After the company has been incorporated, the company will need to comply with the following post-incorporation matters which require the company to:

- apply for an ABN and Tax File Number (TFN)
- keep an up to date company register. This register will contain company records and will need to record minutes of all directors and shareholders' meetings. The company will also be required to make an annual solvency declaration (that is, the directors must resolve that the company can pay its debts as and when they fall due for payment)



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- keep and lodge audited financial statements and reports each year (applicable to large companies or companies wholly owned by a foreign entity). There is currently no fee for lodgement of financial statements with ASIC as long as they are lodged within the required time period. Late fees will apply if they are lodged out of time.

**ASIC must be notified of changes to the following:**

- company name, such notifications are to be made within 14 days of the change
- company details (for example registered office or principal place of business), such notifications are to be made within 28 days of the change
- company constitution, such notifications are to be made within 28 days of the change
- directors details (for example name, address, new appointment or resignations), such notifications are to be made within 28 days of the change
- share structure or shareholder details, such notifications are to be made within 28 days of the change.

## Registered Office

An Australian company must have a registered office in Australia. The registered office must be a street address situated in Australia. A postal address will not satisfy the requirement that the company maintains a registered office.

## Banking

Banks are usually open during business hours from 9.30 am to 4 pm Monday to Thursday and 9.30 am to 5 pm on Fridays. Some banks and branches may stay open longer or open on weekends. Bank branches allow you to transfer money, open accounts, cash travellers cheques, order bank cheques and exchange currency, among other financial services. To open a bank account in Australia, the Australian banks use the 100 point check, a government-adopted personal identification system. Different pieces of ID that an individual can produce (such as a driver's license, passport, tenancy agreement, utility account, etc.) are worth a certain number of points.

## What is the 100-point system?

This is a personal identification system put in place by the Australian government to combat financial transaction fraud by people and companies. It ensures that only you can access your own accounts.

You are required to bring a series of documents with you when verifying your identity. Primary documents are worth 70 points and secondary documents can be worth: 40, 35 and 25 points. Take a look at the table below for a closer examination of the documents needed and how many points they earn you.

Primary documents are the document only and secondary documents must have a photograph and name.

Document type	Points Value	Document details
Primary (document only)	70 points	<p>Only one can be used:</p> <ul style="list-style-type: none"> <li>• Birth certificate</li> <li>• Birth card issued by NSW Registry of Births</li> <li>• Citizenship certificate</li> <li>• Current passport</li> <li>• Expired passport which has not been cancelled and was current within the preceding two years</li> <li>• Other document of identity having the same characteristics as a passport including diplomatic documents</li> </ul>
Secondary (photograph and name)	40 points	<ul style="list-style-type: none"> <li>• Driver licence issued by an Australian State or territory</li> <li>• Road and Maritime Services photo card</li> <li>• Licence or permit issued under a law of the Commonwealth, a State or Territory government</li> <li>• Identification card issued to a public employee</li> <li>• Identification card issued by the Commonwealth</li> <li>• An identification card issued to a student at a tertiary education institution</li> </ul>
Secondary (photograph and name)	35 points	<p>Must have name and address on it:</p> <ul style="list-style-type: none"> <li>• A document held by a cash dealer giving security over your property</li> <li>• Council rates notice</li> <li>• Land Titles Office record</li> <li>• Document from your current employer or previous employer within the last two years</li> <li>• A mortgage or other instrument of security held by a financial body</li> </ul>





Must have name and signature on:

- Marriage certificate (for maiden name only)
- Credit card
- Foreign driver licence
- Medicare card
- EFTPOS card

Secondary (photograph and name)

25 points

Must have name and date of birth on:

- Record of primary, secondary or tertiary education institution attended by you within the last 10 years
- Record of professional or trade association of which you are a member

## Working Week

The standard working week in Australia is 38 hours per week (7.6 hours per day), usually worked Monday to Friday. Work beyond that amount is overtime and attracts a premium.

## Basic Facts

<b>Official State Name</b>	Commonwealth of Australia
<b>Population</b>	25.67 Million (25,675,600)
<b>Capital</b>	<u>Canberra</u>
<b>Major Languages</b>	English
<b>Currency</b>	Australian Dollar (AUD)
<b>Main Industries</b>	Australia is a major exporter of agricultural products, particularly wheat and wool, minerals such as iron-ore and gold, and energy in the forms of liquified natural gas and coal.



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<b>GDP Growth</b>	2.9%
<b>Internet Domain</b>	.au
<b>International Dialing Code</b>	+61
<b>Dates &amp; Numbers</b>	Dates are usually written in the day, month and year sequence. For example, 1 July 2020 or 1/7/20.

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## Tax & Social Security

The Tax Year in Australia is 1st July to 30th of June.

Employer should pay and report the taxes and Super annuation via the Single Touch Payroll system. Payroll Software should have a product ID from ATO and should be STP complaint to pay and report taxes.

### Personal Income Tax

#### Residents and Non-Residents

Individuals are residents of Australia if they reside in Australia, and this includes the following:

- Individuals whose domicile is in Australia, unless they have a permanent place of abode outside Australia.
- Individuals who have actually been in Australia for more than one-half of the income year (i.e. at least 183 days in the income year), unless the individual's usual place of abode is outside Australia and the individual does not intend to reside in Australia.
- If the individual is an 'eligible employee' for the purposes of legislation relating to the superannuation entitlements of Federal public servants.

Persons who take up a contract of employment in Australia may be regarded as residents if they are in the country for more than six months. Citizenship and nationality do not determine liability for Australian income tax.

A temporary resident for tax purposes is, broadly, an individual who:

- holds a temporary visa granted under the Migration Act 1958
- is not an Australian resident within the meaning of the Social Security Act 1991, and
- does not have an Australian spouse as defined in the Social Security Act 1991.

A temporary resident will be exempt from Australian tax on foreign source income, while a resident of Australia is subject to tax on worldwide income.



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## Residents

2019/20 financial year commencing 1 July 2019:

Taxable income	Tax on this income
0 – \$18,200	Nil
\$18,201 – \$37,000	19c for each \$1 over \$18,200
\$37,001 – \$90,000	\$3,572 plus 32.5c for each \$1 over \$37,000
\$90,001 – \$180,000	\$20,797 plus 37c for each \$1 over \$90,000
\$180,001 and over	\$54,097 plus 45c for each \$1 over \$180,000

## Non-residents

2019/20 financial year commencing 1 July 2019:

Taxable income	Tax on this income
0 – \$90,000	32.5c for each \$1
\$90,001 – \$180,000	\$29,250 plus 37c for each \$1 over \$90,000
\$180,001 and over	\$62,550 plus 45c for each \$1 over \$180,000



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## Calculation example

### Estimate Tax Calculation

All figures in AUD

Monthly Salary Income	6,406.25
Super Annuation	608.59
Personal Exemption	1,516.67
Taxable	4,889.58
Tax	1,505.74
Net	4,900.51

## Medicare Levy

The Medicare levy helps fund some of the costs of Australia's public health system known as Medicare. The Medicare levy is 2% of taxable income, in addition to the tax one pays on his taxable income. The pay as you go amount your employer withholds from your salary or wages includes an amount to cover the Medicare levy

Exemption:

One may qualify for an exemption if one was in any of three categories at any time in the income year. These categories are:

- medical
- foreign residents



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- people not entitled to Medicare benefits and who have obtained a Medicare levy exemption from the Department of Human Services.

## Super Annuation

- Superannuation in Australia are the arrangements put in place by the Government of Australia to encourage people in Australia to accumulate funds to provide them with an income stream when they retire. Superannuation in Australia is partly compulsory and is further encouraged by tax benefits.
- The government has set minimum standards for contributions by employees as well as for the management of superannuation funds. It is compulsory for employers to make superannuation contributions for their employees on top of the employees' wages and salaries.
- The employer contribution rate has been 9.5% since 1 July 2014, and as of 2015, was planned to increase gradually from 2021 to 12% in 2025.
- Employers are required to pay superannuation contributions, called "superannuation guarantee" (SG) contributions, to an approved superannuation fund for their employees at 9.5% (as at 2018) of the employees' "ordinary time earnings" (OTE)—which generally consists of wages and salaries, commissions, allowances but not overtime.
- Employers are not required to make employer contributions for employees earning less than \$450 per month, nor for employees aged under 18. However, if an under 18 employee earns over \$450 per month before tax or works more than 30 hours per week full-time, part-time or casual, the employer is also required to contribute superannuation. Additionally, if employees aged over 70 years work more than 40 hours in a 30-day period, the employer can also pay contributions. Employer contributions are required to be paid on at least a quarterly basis.

## Reporting

The Australian income year ends on 30 June.

Single Touch Payroll (STP), is a new way of reporting tax and superannuation information to Australian Government. With STP employer report employees' payroll information – such as salaries and wages, pay as you go (PAYG) withholding and super – to government each time employer pay them through STP-enabled software.

An Employee has from 1 July to 31 October to lodge their tax return for the previous income year.



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Methods of Tax return Filing:

- lodge online with myTax through myGov
- complete a paper tax return form and mail it to us
- use a registered tax agent.

Tax File Number registration is mandatory and employee needs the Tax File Number for tax filing.

Tax File number should be applied from the below path

<https://www.ato.gov.au/Individuals/Tax-file-number/Apply-for-a-TFN/>

### Key Legislative Authorities

- <https://www.ato.gov.au/>
- <https://www.australia.gov.au/information-and-services/money-and-tax/superannuation>

## New Hires

In Australia, the payroll, withholding tax and contributing towards Super Annuation scheme are the responsibility of employer. New Employee needs to complete a Tax File Number declaration form to help the Employer determine how much tax needs to be withheld.

Below are the forms employee needs to complete as new hire

- Tax file number declaration
- Superannuation (super) standard choice
- Withholding declaration
- Medicare levy variation declaration

Employee needs to know the below details to complete the above forms

- employers Australian business number (ABN)
- employment type (for example, full time, part time, casual)
- employers default super fund details
  - name
  - unique superannuation identifier (USI) of your nominated super fund ABN



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## Leavers

When an employment relationship ends, employees should receive the following entitlements in their final pay:

- any outstanding wages or other remuneration still owing
- any pay in lieu of notice of termination
- any accrued annual leave and long service leave entitlements
- the balance of any time off instead of overtime that the employee has accrued but not yet taken
- any redundancy pay or entitlements if the employees has been made redundant and is eligible.

If an employee has taken leave in advance and their employment ends before they've accrued it all back, the employer can deduct the amount still owing from the employee's final pay.

Period of continuous service	Redundancy pay
At least 1 year or less	1 week
More than 1 year – 3 years	2 weeks
More than 3 years – 5 years	3 weeks
More than 5 years	4 weeks

## Redundancy Pay

Employees receive redundancy pay based on their continuous period of service with their employer. This amount is paid at the employee's base pay rate for ordinary hours worked.

An employee's base rate of pay (other than a pieceworker) is the pay rate they receive for working their ordinary hours, but does not include the following:

- incentive-based payment and bonuses
- loadings
- monetary allowances
- overtime or penalty rates





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- any other separately identifiable amounts

Period of continuous service	Redundancy pay
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



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# PAYROLL

It is acceptable in Australia to provide employees with online pay slips.

## Reports

Payroll reports must be kept for at least 7 years.

## Payslip Example

<b>Employer</b>	Australia Demo Company	<b>TRANSFERABLE AMOUNT:</b>  AUD            5031.51			
<b>Employer address</b>	My demo address, United City				
<b>Country</b>	Australia				
<b>Pay Period</b>	01-11-2017 - 30-11-2017				
<b>Employee name</b>	John Doe	<b>Email</b>	united@au.ee		
<b>Employee ID</b>	001	<b>Hire date</b>	2017-07-12		
<b>Employee Position</b>		<b>Payment Method</b>	Cheque		
Summary					
Pay currency	Entitlements		Deductions	Net pay	
AUD	6606.25		1511.49	5031.51	
Details					
Entitlements	Amount	Currency	Deductions	Amount	Currency
Basic salary (incl. Arrears)	6406.25	AUD	Income Tax PAYG	1574.74	AUD
Bonus	200.00	AUD			



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# Employment Law

## Annual Leave

An employee (other than a casual employee) accumulates four weeks of paid annual leave for each year of service with the employer. An employee's entitlement to annual leave accumulates continuously based on the number of ordinary hours they work. Annual leave continues to accumulate when an employee takes a period of paid annual leave or paid personal/carer's leave.

## Parental Leave

A parent can get Parental Leave Pay for up to 18 weeks. Parental Leave Pay is currently \$740.60 per week before tax. This is based on the weekly rate of the national minimum wage.

A partner may also be eligible for Dad and Partner Pay for up to 2 weeks. This means a family can receive a total of up to 20 weeks pay.

## Sickness

Sick and carer's leave (also known as personal leave or personal / carer's leave) lets an employee take time off to help them deal with personal illness, caring responsibilities and family emergencies.

Sick leave can be used when an employee is ill or injured.

Full-time and part-time employees get 10 days of sick and carer's leave for each year of employment.

## Compassionate & bereavement leave

All employees are entitled to 2 days compassionate leave each time an immediate family or household member dies or suffers a life threatening illness or injury.

The compassionate leave can be taken as:

a single continuous 2 day period, or

2 separate periods of 1 day each, or

any separate periods the employee and the employer agree.

An employee does not accumulate compassionate leave and it doesn't come out of their sick and carer's leave (or annual leave) balance. It can be taken any time an employee needs it.

## Family & domestic violence leave

An employee is entitled to 5 days of unpaid leave each year under the NES. All employees (including part-time and casual employees) are entitled to 5 days unpaid family and domestic violence leave each year.

The entitlement to unpaid family and domestic violence leave comes from the National Employment Standards (NES).

## Long service leave

An employee gets long service leave after a long period of working for the same employer

Most employees' entitlement to long service leave comes from long service leave laws in each state or territory.

These laws set out:



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- how long an employee has to be working to get long service leave (eg. after 7 years)
- how much long service leave the employee gets

## Immigration

SkillSelect is the process of obtaining a work permit to work in Australia.

SkillSelect is an online process to make an expression of interest (EOI) if one is a skilled worker or business person from overseas who wants to migrate to Australia.

All EOIs-Expression Of Interest must be completed online using SkillSelect.

An EOI is not a visa application and there is no fee to create or submit an EOI in SkillSelect.

For certain programs one may be required to participate in a skills assessment or appropriate points test. One will be able to complete an EOI even if he don't meet the pass mark, but will not be eligible to be invited to apply for a visa.

More information on Immigration and VISA can be found in the below link.

<https://immi.homeaffairs.gov.au/visas/working-in-australia/>

### References:

<https://www.ato.gov.au/>

<https://immi.homeaffairs.gov.au/>

<https://www.fairwork.gov.au/>

<https://singletouch.com.au/>

## Further Information

For more information, or assistance with Australia payroll enquiries please contact the local authorities.



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## They already trust Mercans

accenture



AIRBUS



ATKearney



BLACKROCK

BOMBARDIER

CLARIANT



ERICSSON

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KRATOS

KÄRCHER



ManTech  
International Corporation

NOKIA



3M



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# What Makes Mercans your HR and Payroll Partner of Choice?

## We Simplify Employment Tasks Worldwide

### Everywhere for Everyone

We are a borderless people engagement enabler, driven by technology and innovation. We deliver bespoke human capital management services and global payroll solutions to empower businesses across 110+ countries regardless of their organizations' size and their industry. We pride ourselves on being global people experts with a striking local presence, committed to making your teams happy, and ensuring the consistent and sustainable growth of your organization.

### Local Presence. Regional Strategy. Global Success

Supported by 500+ payroll and HR specialists with in-depth local knowledge, Mercans operate globally. Our pioneering human resources consulting services and trailblazing SaaS platforms are already satisfying 5,000+ international clients, ensuring timely measurable results and bottom-line savings. Thanks to success-oriented teams striving for excellence and taking care of our clients' tasks within budget, we have gained the trust of major multinational companies.

### A Revolutionary Service Delivery System

Say goodbye to third-party service providers, offshore call centers, fragmented data, and endless chains of sub-contracts.

Mercans cloud-based SaaS Products, HR Blizz™ & Mesar™, combine the performance of proprietary technologies with a human touch. Cost-effective, they are fully-compliant self-service tools, packed with smart built-in features for your peace of mind. All your data are integrated into single interfaces accessible from everywhere and on any device.

### Trailblazing Cloud-Based SaaS Products

HR Blizz & Mesar, our Software-as-a-Service platforms, both propose a preconfigured API integration capability with all the major global HRMS platforms, including SuccessFactors, Workday, Oracle HCM, and MS Dynamics. All Mercans systems and processes are GDPR compliant, ISO 9001, 20000, 27001 certified, and SOC 1 and SOC 2 audited. A registered Finpro expert, Mercans is also a member of the Global Payroll Association and the Global Payroll Management Institute.



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