

Employing Staff – what you need to know

You and your employees have certain obligations to each other under common law. You also have obligations under Federal and State law, industrial awards and agreements, tribunal decisions and employment contracts.

Do you need to register for PAYG Withholding?

If you have employees you must register for PAYG Withholding and withhold amounts from employee wages.

Before you withhold any payments you need to first register for PAYG Withholding. This can be completed at the same time as GST registration and means that you will have either monthly or quarterly reporting requirements.

If you are a sole trader or partner in a partnership, the Australian Taxation Office (ATO) does not see you as your own employee. You 'draw' money from the business to live on but this is not technically seen as normal 'salary and wages'. As such, there is no need to register for PAYG Withholding and withhold amounts from your drawings.

Do you have to pay superannuation for employees?

The Superannuation Guarantee (SG) scheme, administered by the ATO, requires all employers to provide a prescribed minimum level of superannuation support for each employee, subject to limited exemptions including:

- You paid wages to an employee of less than \$450 in a month
- The employee is under 18 years of age and worked for less than 30 hours a week, or
- The employee is aged 70 years or over

Employers must make superannuation contributions on at least a quarterly basis.

For more information on paying superannuation for employees, see our [Your Guide To Employer Superannuation Obligations](#).

WorkCover

As well as your business insurances, you are also legally required to have workplace injury insurance if your business falls in to one or both of the following categories:

- you pay or expect to pay more than \$7,500 in wages, benefits and superannuation for employees per year
- you employ apprentices or trainees

If neither of those categories apply to your business, then a workplace injury insurance policy is not a legal requirement.

We can assist you in registering for WorkCover.

Workers compensation

If an injured worker applies for compensation, you must complete your section of the Compensation Claim form and return it within 10 days of:

- knowing about the injury, or
- having the injury reported to you, or
- the relevant authority requesting this information from you.

You must also take all reasonable steps to help with rehabilitation and suitable duties whilst a worker is receiving compensation.

Documents relevant to recruitment

Documents that are related to the recruitment process may in fact be crucial to the operation and enforcement of laws relating to recruitment. Some of the numerous documents relevant include:

- Advertisements – employers must be careful not to breach equal opportunity laws
- Instructions to employment agencies – employers should put their instructions in writing to avoid confusion over what is required and the authority of the agent
- Application forms – equal opportunity laws should not be breached and certain personal information should be carefully handled
- Employment offers should be carefully worded – once the offer is made and accepted, then a contract is formed and certain rights and obligations arise
- References – written references require careful handling. Defamation of an individual is possible if these documents are not carefully handled.

Records you need to keep

- Records relating to payments to employees
- TFN declarations and withholding declarations
- Withholding variation notices
- Worker payment records
- PAYG payment summaries
- Annual reports
- Superannuation records, and
- Records of any fringe benefits provided