



NEW



THE FORTUNA NEWS – EMPLOYER EDITION

One of the most challenging aspects of running a small business is often finding, managing and dealing with staff. And of course, the ATO and other regulators do not make it any easier with the continuing barrage of changes that they require you to implement. To assist you with this, I have enclosed a summary of the key tax changes for employers that you will need to consider from 1 July 2022.

So, What is New From 1 July 2022?

SGC increase to 10.5%

- *The Superannuation Guarantee Rate will rise from 10% to 10.5% on 1 July 2022.*
- *As per the Federal Budget, the SGC rate will continue to rise by 0.5% every year until it hits 12% on 1 July 2025.*
- *What this means to you depends on your type of employment agreements. If your employment agreement states that the employee is paid on a “total remuneration” basis, then their take home pay might be reduced by 0.5% unless you choose to pay for this. For employees paid a rate plus superannuation, then their take home pay will remain the same and the 0.5% increase will be added to the SG payments.*

Removal of \$450 Superannuation Threshold

- *Currently, if an employee earns less than \$450/month, then you are not required to contribute superannuation for them.*
- *From 1 July 2022, everyone over 18 will be paid super regardless of how much they earn.*
- *Employees under 18 who work more than 30 hrs/wk will be eligible for superannuation.*
- *Practically, this means that you will need to register a larger number of part-time staff for superannuation who often do not have a superannuation fund.*



Single Touch Payroll (“STP”) Phase Two

- All employers have now been reporting payroll using the STP Phase One system for some time. The second phase which involves providing additional information to the ATO with each pay run is now operational.
- The additional information that needs to be reported includes disaggregation of gross income, employment conditions, income types, country codes, date and reason an employee leaves and child support deductions.
- The aim of Phase Two STP is to allow greater sharing of information with Services Australia so that they can streamline their interactions with recipients of Government benefits.
- You will no longer need to provide separation certificates for your staff under Phase Two STP.
- The requirements for Phase Two STP officially began on 1 January 2022 although there are some deferrals available until 31 December 2022.
- For those of you using an online payroll provider e.g., MYOB, Xero etc. These systems should have updated their systems to comply, although you may have had to provide additional information in your payroll setups to ensure compliance.



Payments to Professionals

- For those that are professionals e.g., lawyers, accountants, architects, medical practitioners, engineers etc. (not IT professionals), there are changes in how profits can be split if you operate through a company, partnership or trust.
- New guidance has been introduced which is effective 1 July 2022, which may require you to pay an increased wage or divert more income to the principal of the business. This may require a change in your payroll structure for yourself and/or your spouse.
- This will require specific advice as to how it affects you if you are one of the impacted professionals.

What do I need to do?

- Review and budget for the cashflow impacts of the increased SG requirements on your business.
- Check that your payroll and accounting systems have been updated for the relevant SG and HECS threshold changes.
- Get your staff to check any superannuation salary sacrifice arrangements that they have.
- Contact us should you require any assistance with any of these changes.

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