



# MOGGS

ACCOUNTING + ADVISORY

## Welcome to our March 2024 Newsletter



Autumn leaves shower like gold, like rainbows, as the winds of change beding to blow, signaling the later days of autumn.

## Employee Super Contributions

With Single touch payroll implementation, the ATO have significantly increased their audit activity in regards to paying your employees super obligations in full & on time. We have had several clients liable for Super Guarantee charge, not because they didn't pay the super but because they paid it late.

If you don't pay an employee's super guarantee (SG) amount in full, on time and to the right fund, you must pay the super guarantee charge (SGC). You must also lodge an SGC statement to the ATO.

The SGC is more than the super you would have otherwise paid to the employee's fund and is not tax deductible.

### Working out SGC

The SGC includes, as well as any shortfall super paid:

- 1- nominal interest of 10% per annum (accrues from the start of the relevant quarter), the super is either not paid or paid late.
- 2- an administration fee of \$20 per employee, per quarter.



By ignoring your non-compliance with super obligations, the issue will not go away.

If you use a clearing house it is also important that you are aware of their processing times to ensure the funds are paid to your employee's super fund before the cut off date. We recommend that you pay your super when completing the last pay run for that period, this will ensure it is paid on time and does not get forgotten.

If you have not met your superannuation obligations by paying the correct amount or not paying on time, please contact our office for advice on how to rectify the situation.

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# Payroll Obligations

Pay slips ensure that employees receive the correct pay and entitlements and help employers to keep accurate and complete records. Employees need to be given a pay slip within 1 working day of being paid. Pay slips can be given electronically or in a hard copy. Pay slips need to include certain details about an employee's pay. Penalties apply for providing false or misleading information on a pay slip. Employers have to keep accurate and up-to-date records about their employees. This includes information about an employee's pay, leave and hours of work. Records also need to be kept about any changes to working arrangements or ending employment.

## What a payslip should have on it

Pay slips have to cover details of an employee's pay for each pay period. Below is a list of what to include:

- Employer's and employee's name
- Employer's Australian Business Number (ABN) - If Applicable
- Pay Period
- Date of Payment
- Gross and net pay
- if the employee is paid an hourly rate:
  - the ordinary hourly rate
  - the number of hours worked at that rate
  - The total dollar amount of pay at that rate
- any loadings (including casual loading), allowances, bonuses, incentive-based payments, penalty rates or other paid entitlements that can be separated out from an employee's ordinary hourly rate. For Example: a note could be included on a pay slip that the hourly rate incorporates the relevant casual loading.
- The pay rate that applied on the last day of employment
- any deductions from the employee's pay, including:
  - the amount and details of each deduction
  - the name, or name and number of the fund/account the deduction was paid into
- any superannuation contributions paid for the employee's benefit, including:
  - the amount of contributions made during the pay period (or the amount of contributions that the employer intends to make)
  - the name, or the name and number, of the superannuation fund the contributions were (or will be) made to.



When an employer is required to give a new employee a pay slip within 14 days of their first pay day, they don't have to include the superannuation fund name or number if:

- the employee hasn't notified the employer of their choice of superannuation fund
- the employer hasn't been able to obtain the employee's stapled superannuation fund details from the Australian Taxation Office (ATO).

## Payment Summaries

Payment summaries, also known as income statements, need to include payroll information required by the Australian Taxation Office (ATO). Most businesses are covered by Single Touch Payroll, which impacts the way employers need to report payroll, tax and superannuation information to the ATO.

## Paid Family and domestic violence leave on pay slips

There are rules about how information about paid family and domestic violence leave must be reported on pay slips and what information must not be included, including some traditional rules. This is to reduce the risk to an employee's safety when accessing paid family and domestic violence leave.

Employers need to keep a record of leave balances and any leave taken by employees. However, pay slips must not mention paid family and domestic violence leave, including any leave taken and leave balances.

From 4th February 2023, an amount paid to an employee for taking paid family and domestic violence leave has to be recorded on a pay slip as:

- ordinary hours of work, or
- another kind of payment for performing work, such as an allowance, bonus or overtime payment

However, if an employee requests it, their employer can record time taken as paid family and domestic violence leave as another type of leave on their pay slip (for example, annual leave).

If an employee has taken a period of paid family and domestic violence leave, it is best practice for their employer to record this on their pay slip in a way that makes the pay slip look as close as possible to how it would of looked if the employee had not taken the leave

## Leave Balances on Payslips

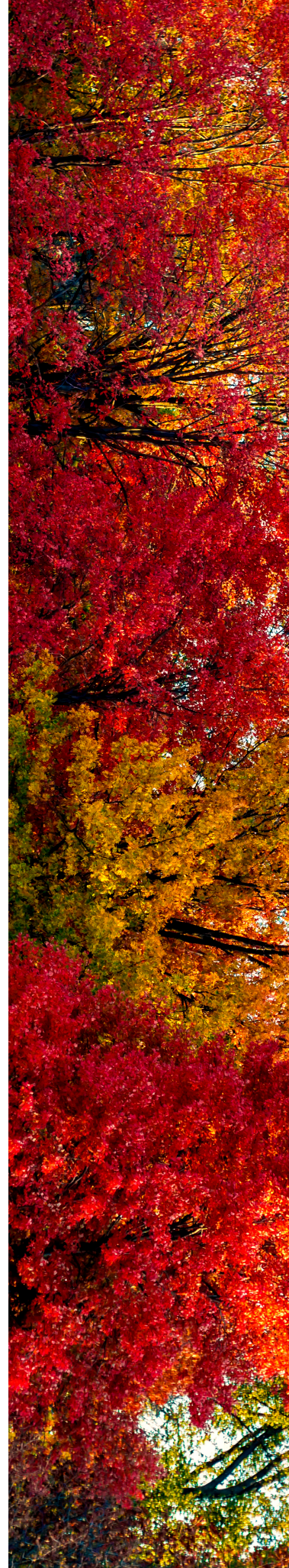
While it is best practice to show an employee's leave balances on their pay slip, it's not a requirement.

Leave that can be shown on a pay slip includes:

- Annual Leave
- Sick and carer's leave
- Long service leave

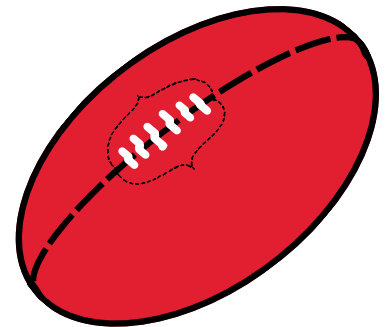
Employers do need to tell employees their leave balances if they ask for it.

**"PAYROLL IS NOT JUST ABOUT NUMBERS, IT'S ABOUT VALUING AND REWARDING THE HARD WORK OF EVERY INDIVIDUAL IN AN ORGANIZATION."**





## Meet Danny Whyte



1- What is your role at Moggs Accounting + Advisory, and what office do you work at?  
I work in the Shepparton Office and I am a Client Manager.

2- What is your favourite part of working at Moggs Accounting + Advisory?  
The training is brilliant and the jokes are entertaining.

3- Before working at Moggs Accounting + Advisory, what was the most unusual or interesting job you've ever had?  
Customer Service Representative at Bunnings Warehouse, because I would talk to people about gardening equipment, BBQ's and irrigation equipment all day.

4- If you could do another job for just one day, what would it be?  
CEO of the Australian Football League

5- What is your favourite sport? and what team do you follow?  
AFL and I follow Carlton.

6 - If you were an animal, what would you be? and why?  
Indian Ringneck Parrot because I can say "I Love You".



***DON'T FOLLOW  
YOUR DREAMS,  
CHASE THEM!***



## Redesigned Stage 3 tax cuts

The Government has announced that it will amend the already legislated Stage 3 tax cuts scheduled to commence on 1 July 2024. While the Government still needs to secure enough support to enable the amendments to pass through Parliament, the intent of the redesigned Stage 3 tax cuts is to benefit lower income households that have been disproportionately impacted by cost-of-living pressures. First announced in the 2018-19 Federal Budget, the three-stage personal income tax plan was designed to address the issue of 'bracket creep'. While Stage 1 and Stage 2 have already been introduced in incremental changes from 1 July 2018 and 1 July 2020 onwards, it is Stage 3 that is now the subject of the proposed redesign. The proposed redesign to Stage 3 will result in all resident taxpayers with taxable income under \$146,486 (who would actually have an income tax liability) receiving a larger tax cut compared with the existing Stage 3 plan. For example:

- An individual with taxable income of \$40,000 will receive a tax cut of \$654, in contrast to receiving no tax cut under the current Stage 3 plan (but they are likely to have already benefited from the tax cuts at Stage 1 and Stage 2).
- An individual with taxable income of \$100,000 would receive a tax cut of \$2,179, which is \$804 more than under the current Stage 3 plan.

However, an individual earning \$200,000 will have the benefit of the Stage 3 plan reduced to around half of what was expected, from \$9,075 to \$4,529. There is still a benefit compared with current tax rates, but just not as much.

### Comparing current, legislated, and redesigned Stage 3 tax rates for Australian resident taxpayers

There is additional relief for low-income earners with the Medicare Levy low-income thresholds expected to increase by 7.1% in line with inflation. It is expected that an individual will not start paying the Medicare Levy until their income reaches \$26,000 and will not pay the full 2% until \$32,500 (for singles).

Tax rate	2023-24	2024-25 legislated	2024-25 proposed
0%	\$0 – \$18,200	\$0 – \$18,200	\$0 – \$18,200
16%			\$18,201 – \$45,000
19%	\$18,201 – \$45,000	\$18,201 – \$45,000	
30%		\$45,001 – \$200,000	\$45,001 – \$135,000
32.5%	\$45,001 – \$120,000		
37%	\$120,001 – \$180,000		\$135,001 – \$190,000
45%	>\$180,000	>\$200,000	>\$190,000





## Contractor or Employee?

The ATO has now finalised its ruling TR 2023/4 that explains how to determine whether a worker should be classified as an employee for PAYG withholding purposes. The ruling focuses on determining whether someone is an employee under the ordinary meaning of the term but doesn't look at the extended definition of employee that is used in the context of the superannuation guarantee system.

The principles in the final ruling remain substantially the same as the original draft. The ATO continues to emphasize that whether an individual is an employee is a question of fact to be determined based on an assessment of the entire relationship between the parties.

In line with more recent High Court decisions in this area, if the worker and engaging entity have committed the terms of the relationship into a written contract, then the analysis needs to be performed with reference to the legal rights and obligations in that written contract.

The key focus is on the terms of the contract, rather than the labels used by the parties to describe the relationship.

Where a contract is not comprehensively committed in writing, the ATO now makes it more clear in the final ruling that the subsequent conduct of the parties can be relevant to work out the contractual terms that have been agreed to by the parties.

In determining whether a worker should be classified as an employee, there are still a range of factors that need to be considered.

The ATO indicates that the key distinction between an employee and an independent contractor is that:

- An employee serves in the business of an employer, performing their work as part of that business;
- An independent contractor provides services to a principal's business, but the contractor does so in furthering their own business enterprise; they carry out the work as principal of their own business, not as part of another.

In addition to whether the worker is serving as part of the engaging entity's business, it is also important to consider the extent to which the business has a contractual right to control how, where and when the workers perform their work.

Aside from these two key factors there are a number of other indicators that could be relevant in classifying the worker, including:

- The ability to delegate work
- Whether the contract is on a results basis
- Which party provides the tools and equipment
- Risk and
- Generation of goodwill.

Consistent with the draft ruling, the ATO considers that where a worker engages to perform work for a business as a partner of a partnership or through a company or trust then this may indicate an intention by all parties not to create an employment relationship. However, a different conclusion may be reached if a worker uses an interposed entity but is also directly a party to the contract with the engaging entity.

# Super contribution caps to increase from 1 July 2024

The concessional and non-concessional contribution caps will increase on 1 July 2024 as follows:

- Concessional contributions cap \$30,000
- Non-concessional contributions cap \$120,000

The increase in the annual non-concessional contributions (NCCs) cap also means a person's NCC cap under the bring forward rules will increase to a maximum of \$360,000 from 1 July 2024.

Please note, the increase to the NCCs cap under the bring forward rules will not apply to clients who have already triggered the bring-forward rule in either this year (2023-24) or last year (2022-23) and are still in their bring forward period.

For these clients, their NCCs cap for the remainder of their bring-forward period will be based on their standard NCCs cap when they triggered the bring-forward rule (less their NCCs during that period).

For example, a client with a Total Superannuation Balance (TSB) of less than \$1.48m on 30 June 2022 that triggered the three-year bring-forward rule in 2022-23 (Year 1), will have had an NCCs cap in that year of \$330,000. Assuming their TSB is less than the general TSB at the previous 30 June, their cap in the following two years will be calculated as:

- Year 2 (2023-24): \$330,000 less NCCs made in Year 1
- Year 3 (2024-25): \$330,000 less NCCs made in Year 1 + Year 2

As a result, clients wanting to maximise their NCCs using the bring-forward rule may wish to consider restricting their NCCs this year to \$110,000 or less, so they do not trigger the bring-forward rule this year. They could then make an NCC of up to a maximum of \$360,000 on or after 1 July 2024, taking advantage of the increased cap provided that their TSB on 30 June 2024 is less than \$1.66 million.

**KNOW YOUR WORTH,  
THEN ADD TAX!**





# Audit Shield

Recently you would have received an email or a letter in the Mail in regards to Audit Shield Insurance cover.

There's nothing more frustrating than being selected for a review or audit of your lodged returns instigated by the Australian Taxation Office (ATO) or other government revenue authorities. The cost of being properly represented can be quite considerable depending on the circumstances. Even a simple inquiry can require hours of work.

Benefits of our Audit Shield service:

**Comprehensive Cover:** Audits and reviews of Employer Obligations (PAYG/FBT/SG), Income Tax and GST are just some of the areas the ATO are targeting.

**Retrospective protection:** Previously lodged returns are covered automatically.

**Specialist fees:** Fees of any other external specialist (e.g. taxation lawyers) or relevant consultant engaged or instructed by us to assist us in a response to audit activity are also covered.

**You have a choice:** The offering is optional, so there is no compulsion to participate.

If you wish to proceed with Audit Shield Insurance Cover, **please pay as indicated on the Client Acceptance Form to Audit Shield and not to Moggs Accounting + Advisory.**

If you have any queries please don't hesitate to contact our office on 03 5872 1955



**PAY YOUR OUTSTANDING MOGGS ACCOUNTING + ADVISORY ACCOUNT BEFORE WEDNESDAY 27TH MARCH TO GO INTO THE DRAW TO WIN AN EASTER HAMPER AND \$100 OFF YOUR NEXT BILL**



# Office Closures



**All our offices will be closed on Friday 29th March and Monday 1st April 2024 due to Good Friday and Easter Monday. We hope all our clients have a wonderful Easter.**

**All our offices will be closed on Thursday 25th April 2024 due to ANZAC Day.**

