BOOKWISE
GROWTH CLINIC

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Transforming Aspirations into Expertise. Focused growth. Tailored for You.

Australian Payroll powered by XERO

Bonus Resources: website links for your reference and guide

Fairwork Ombudsman

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

Single Touch Payroll

https://www.ato.gov.au/businesses-and-organisations/hiring-and-paying-your-workers/single-touch-payroll

Single Touch Payroll Phase 2 employer reporting guidelines

https://www.ato.gov.au/businesses-and-organisations/hiring-and-paying-your-workers/single-touch-payroll/in-detail/single-touch-payroll-phase-2-employer-reporting-guidelines

Fairwork – Types of Employee

https://www.fairwork.gov.au/starting-employment/types-of-employees/full-time-employees

ATO definition of Employment types

https://www.ato.gov.au/businesses-and-organisations/hiring-and-paying-your-workers/single-touch-payroll/in-detail/single-touch-payroll-phase-2-employer-reporting-guidelines/how-to-report-employment-and-tax-information-through-stp-phase-2

Awards

https://www.fairwork.gov.au/employment-conditions/awards

Find my Award Tools

https://services.fairwork.gov.au/find-my-award

Fair Work Ombudsman

https://calculate.fairwork.gov.au/

Award Pay calculator
https://calculate.fairwork.gov.au/FindYourAward

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Awards:

https://www.fairwork.gov.au/employment-conditions/awards

Fair Work – Record Keeping

https://www.fairwork.gov.au/pay-and-wages/paying-wages/record-keeping

Withholding for allowances – Types of allowances and how they're treated

https://www.ato.gov.au/businesses-and-organisations/hiring-and-paying-your-workers/payg-withholding/payments-you-need-to-withhold-from/payments-to-employees/allowances-and-reimbursements/withholding-for-allowances

PAYG withholding

https://www.ato.gov.au/businesses-and-organisations/hiring-and-paying-your-workers/payg-withholding

PAYG withholding in BAS/IAS

https://www.ato.gov.au/businesses-and-organisations/preparing-lodging-and-paying/business-activity-statements-bas/in-detail/instructions/payg-withholding-how-to-complete-your-activity-statement-labels

ATO PAYG calculator – shown in payslip

https://www.ato.gov.au/single-page-applications/calculatorsandtools?anchor=TWC#TWC/questions

Pay Calculator:

https://paycalculator.com.au/

Tax Table

https://www.ato.gov.au/tax-rates-and-codes/tax-tables-overview

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Tax File Declaration Form

Australian Government
Australian Taxation Office
ato.gov.au

Tax file number declaration

This declaration is NOT an application for a tax file number.
- Use a black or blue pen and print clearly in BLOCK LETTERS.
- Print **X** in the appropriate boxes.
- Read all the instructions including the privacy statement before you complete this declaration.

Section A: To be completed by the PAYEE

1 What is your tax file number (TFN)?

> For more information, see question 1 on page 2 of the instructions.

OR I have made a separate application/enquiry to the ATO for a new or existing TFN.

OR I am claiming an exemption because I am under 18 years of age and do not earn enough to pay tax.

OR I am claiming an exemption because I am in receipt of a pension, benefit or allowance.

2 What is your name? Title: Mr ☐ Mrs ☐ Miss ☐ Ms ☐

Surname or family name

First given name

Other given names

3 What is your home address in Australia?

Suburb/town/locality

State/territory ▼ Postcode

4 If you have changed your name since you last dealt with the ATO, provide your previous family name.

5 What is your date of birth? Day / Month / Year

6 On what basis are you paid? (select only one)
- Full-time employment ☐
- Part-time employment ☐
- Labour hire ☐
- Superannuation or annuity income stream ☐
- Casual employment ☐

7 Are you: (select only one)
- An Australian resident for tax purposes ☐
- A foreign resident for tax purposes ☐ **OR**
- A working holiday maker ☐

8 Do you want to claim the tax-free threshold from this payer?

Only claim the tax-free threshold from one payer at a time, unless your total income from all sources for the financial year will be less than the tax-free threshold.

Yes ☐ No ☐

Answer **no** here if you are a foreign maker, except if you are a foreign Australian Government pension or...

IMPORTANT THAT THE EMPLOYEE TICKED MARK THIS SECTION

9 (a) Do you have a Higher Education Loan Program Loan (SSL) or Trade Support Loan (TSL) debt?

Yes ☐ Your payer will withhold additional amounts to cover any compulsory repayment that may be raised on your notice of assessment. No ☐

(b) Do you have a Financial Supplement debt?

Yes ☐ Your payer will withhold additional amounts to cover any compulsory repayment that may be raised on your notice of assessment. No ☐

DECLARATION by payee: I declare that the information I have given is true and correct.

Signature

You MUST SIGN here

Date Day / Month / Year

⊖ There are penalties for deliberately making a false or misleading statement.

❗ Once section A is completed and signed, give it to your payer to complete section B.

Section B: To be completed by the PAYER (if you are not lodging online)

1 What is your Australian business number (ABN) or withholding payer number?

Branch number (if applicable)

5 What is your primary e-mail address?

2 If you don't have an ABN or withholding

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Xero Payroll calculations

How payroll year settings work

Organisations that joined Xero after 15 September 2014 have a default payroll year setting of 364 days (52 weeks). Prior to this change, organisations could choose either a 364 or 365 day payroll year setting. If the 365-day option was selected, these organisations weren't automatically changed to 364 days.

The ability to view and adjust the payroll year settings was removed after September 2014 to avoid unnecessary confusion. This is also consistent with other accounting software providers who have moved to a 364 day calendar.

For employees on an annualised salary, the payroll year for an organisation will cause minor differences in some calculations in Payroll, such as hourly rates, annual salaries and leave accruals. It is ultimately a business decision which payroll year an organisation chooses to use.

If your preferred calendar needs to be updated at any time, you'll need to contact Xero support.

Payroll calculations

Xero Payroll uses the following calculations in a pay run, based on the payroll year and pay period.

If employees are paid weekly:

- 365 days per year divided by 7 days per week = 52.142857 weeks in a year

- 364 days per year divided by 7 days per week = 52 weeks in a year

If employees are paid fortnightly:

- 365 days per year divided by 14 days per fortnight = 26.0714 fortnights in a year

- 364 days per year divided by 14 days per fortnight = 26 fortnights in a year

If employees are paid monthly, the same calculation is used on both the 364 and 365 day payroll year setting for employees on annualised salaries who are paid on a monthly basis. Xero Payroll currently calculates their hours each month based on the number of business days in that month and the number of hours worked per week. The gross amount stays the same each month, based on the salary entered in the pay template, however the number of hours and hourly rate changes each month to achieve the gross amount.

For example, Alex is paid an annual salary of $90,000 and works 38 hours a week.

If Alex was on a weekly frequency, the calculation would be:

- $90,000 divided by 52.142857 weeks (365 days) = $1,726.03 gross pay per week

- $90,000 divided by 52 weeks (364 days) = $1,730.77 gross per week

If Alex was was on a fortnightly frequency, the calculation would be:

- $90,000 divided by 26.0714 fortnights (365 days) = $3,452.06 gross pay per week

- $90,000 divided by 26 fortnights (364 days) = $3,461.54 gross pay per week

If Alex was on a monthly frequency, using July 2022 as an example, the calculation would be:

- $90,000 divided by 12 months (the same for both 364 and 365) = $7,500 gross pay per month. As July has 21 business days, the hours and hourly rate would be:

    - 7.6 hours x 21 days = 159.60 hours for July 2022

    - $7,500 gross pay divided by 159.60 hours = $46.992481 gross pay per hour

List of Payments that are Ordinary Time Earnings

https://www.ato.gov.au/businesses-and-organisations/super-for-employers/paying-super-contributions/how-much-super-to-pay/list-of-payments-that-are-ordinary-time-earnings

Fair Work Minimum Wages Guide:

https://www.fairwork.gov.au/tools-and-resources/fact-sheets/minimum-workplace-entitlements/minimum-wages