



# Hiring workers

## Fast facts

## What to consider before hiring employees

Before hiring employees for your business, you need to think about a few things.

- Do you have the budget, equipment, systems, processes in place for your employees?
- What type of work do you want them to do?
- Is it a permanent, fixed-term, casual, or contract job?
- What is the hourly rate, how many hours of work is required a day?

Find information, processes and templates on hiring and recruiting employees:

- [fairwork.gov.au](http://fairwork.gov.au)
  - National Employment Standards
  - Awards, agreements, entitlements, pay rates
- [business.gov.au](http://business.gov.au)
  - Hiring employees checklist
  - Employment Contract Tool.

## Residency status check

As an employer, you have legal obligations to ensure that you only employ people who can legally work in Australia, including:

- Australian citizens
- Permanent residents
- New Zealand citizens
- Non-citizens with Australian visas that allow them to work.

Check your employees' visa status and work rights on the visa entitlement verification online (VEVO) service website: [immi.homeaffairs.gov.au](https://immi.homeaffairs.gov.au)

## **Employee or contractor**

Before hiring workers, you should determine whether they are employees or contractors.

It is important to get this right because it changes the obligations for you and for the worker.

## **Setting up for employer tax and superannuation**

When employees begin working for you, you will need to:

- register for ATO Online services, myID and Relationship Authorisation Manager (RAM)
- register for pay as you go (PAYG) withholding
- if you're hiring workers on a 'working holiday' visa or 'work and holiday' visa, you also need to register as a working holiday maker employer
- get set up for reporting super contributions
- check you can report payroll information through Single Touch Payroll (STP)
- register for fringe benefits tax (FBT) if applicable
- check if you need to register for payroll tax with your state or territory revenue office.

# **Tax and super forms on commencement of employment**

Once you have hired an employee you need to ask them to complete:

- a tax file number (TFN) declaration
- a superannuation standard choice form.

## **Tax and super obligations**

If your worker is an employee, you need to withhold tax from your employee's wages, and regularly report and pay the withheld amount to the ATO.

To do this, you need to:

- provide your employee the tax file number (TFN) declaration form
- register for Pay as you go (PAYG) withholding.

If your employee is eligible to receive super, you need to pay super guarantee (to their super fund) on top of their wages.

To do this, you need to:

- find and setup a default super fund
- provide the superannuation standard choice form to your worker when they start.

If your employee is eligible to choose a fund but doesn't, you must contact the ATO to request their existing super fund details (called 'stapled super fund').

- If there is an existing super fund, pay their super into that fund.
- If there isn't an existing super fund, pay their super into your default super fund.

## **Providing benefits other than cash to your employees**

Examples of fringe benefits:

- a work car for private use
- entertainment (food, drink or recreation)
- financial loan
- reimbursement of employee's personal expense (school fees, health insurance, cleaning services for a private residence)
- salary sacrifice arrangement.

If you provide fringe benefits to your employees, you're subject to fringe benefits tax.

Find more information on the ATO website.

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