

Guide to Payroll Compliance in Australia

Hall Chadwick Melbourne, Chartered Accountants, has been supporting international businesses for over 25 years. We advise on doing business in Australia - setup, business structuring, registration and employment considerations.

Our services include virtual office support, bookkeeping, payroll, accounting, audit, assurance and tax compliance with both state and federal laws. Backed by accredited specialists and the latest technology, we deliver efficient, secure and high-quality outcomes. With recognised expertise in international taxation, transfer pricing and thin capitalisation, we are trusted by clients worldwide.

Payroll Compliance in Australia

Navigating Australian payroll can be complex. Employers must comply with a wide range of employee entitlements and obligations, from minimum wage and parental leave to superannuation and taxation. Australian employment laws are strictly enforced.

This guide introduces the key elements of the Australian payroll system to help you understand your responsibilities when expanding into Australia:

1. National Employment Standards
2. The Australian Taxation Office (ATO)
3. Industrial Awards
4. Superannuation
5. Workplace Health & Safety
6. Pay Periods & Pay Slips
7. Single Touch Payroll (STP)
8. Fringe Benefits Tax (FBT)
9. Employee Share Schemes (ESS)
10. State Payroll Tax
11. Workers' Compensation Insurance
12. Taxable Payments Annual Report (TPAR) and Contractors

With the right guidance, compliance can be managed smoothly, allowing you to focus on building your business.

Need Support?

If you have a question about doing business in Australia, we're here to help.

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1. National Employment Standards

The national workplace relations framework, governed by the Fair Work Act 2009 and other laws, sets record keeping and minimum employment standards that must be provided to all employees, some of which apply even before they commence work. These include:

- Maximum weekly hours
- Flexible working arrangements
- Casual employment provisions
- Parental and related leave
- Annual, personal, carer's, and compassionate leave
- Domestic and family violence leave
- Community service leave
- Long service leave
- Public holidays
- Superannuation contributions
- Notice of termination and redundancy pay
- Fair Work Information Statement (FWIS) and Casual Employment Information Statement (CEIS). These statements must be given to the employee prior to their commencement.

2. The Australian Taxation Office (ATO)

The ATO administers Australia's tax and superannuation systems. Employers must:

- Deduct and remit income tax from employee wages at the correct rate
Pay as You Go (PAYG) Summaries are accessed by employees via their MyGov account.
- Report employee earnings via Single Touch Payroll (STP)
- Collect and pay Goods and Services Tax (GST) where applicable
- Meet superannuation obligations
- Register with the Australian Business Registry (ABR)

Missing deadlines, making incorrect payments, failure to meet requirements or underpaying taxes can lead to:

- Financial penalties
- Criminal charges
- Reputational damage

3. Industrial Awards

In Australia, industrial awards are legally binding documents that set out the minimum terms and conditions of employment for workers in specific industries or occupations. They are established and maintained by the Fair Work Commission and cover things like pay rates, working hours, leave entitlements, overtime, allowances, and penalty rates. Employers must comply with the relevant award that covers their employees, unless they have an approved enterprise agreement that provides better conditions.

We work with specialist attorneys to ensure award compliance.

4. Superannuation

Employers must contribute a minimum of 12% (with a \$30,000pa annual cap) of ordinary earnings into employees' nominated superannuation funds.

Currently, contributions are paid monthly or quarterly, but from July 2026, "Pay Day Super" will require employers to pay superannuation effectively at the same time as wages. So, if employees are paid weekly or fortnightly, superannuation will need to be contributed on the same basis.

Employees and employers may make additional (voluntary) contributions.

5. Workplace Health & Safety

Australia has a comprehensive framework of workplace health, safety and occupational hazard regulations designed to protect employees and ensure safe working environments. These obligations are extensive and vary across industries, with strict requirements around risk management, incident reporting, training and maintaining compliant workplace practices, equal opportunity, discrimination and bullying. Employers must remain vigilant, as non-compliance can result in significant penalties and reputational risk.

Where possible, we can assist in developing and implementing workplace policies and procedures to address these obligations. For more complex or specialised scenarios, we work alongside experienced workplace health and safety advisers to ensure that your business is supported with practical, compliant and industry-specific solutions.

6. Pay Periods & Pay Slips

Employees in Australia can be paid weekly, fortnightly (bi-monthly) or monthly. Some industrial awards require fortnightly payment, but employers may otherwise choose the most practical pay cycle. For administrative efficiency, many businesses prefer monthly payroll where permitted.

Pay slips must give each employee a payslip within one working day of payday (electronic is fine). Payslips should include at least:

- Employer name and ABN, employee name
- Pay period and pay date
- Gross and net pay
- Hourly rate (or annual salary) and hours worked
- Any loadings, allowances, overtime/penalties, bonuses
- Deductions (with recipient details)
- Superannuation contributions (amount and fund)

7. Single Touch Payroll (STP)

Introduced in 2018, STP requires employers to report salary, tax, and superannuation details to the ATO every pay cycle through compliant payroll software.

8. Fringe Benefits Tax (FBT)

Non-cash benefits provided to employees, such as company cars or health insurance, are subject to Fringe Benefits Tax (FBT), payable by employers to the ATO. FBT can be a valuable tool for attracting and retaining staff.

FBT Returns are required to be lodged annually, for the year ended 31 March.

9. Employee Share Schemes (ESS)

An Employee Share Scheme (ESS) allows companies to offer their employees shares or options as part of their remuneration. At the taxing point - the moment when part of the benefit becomes taxable for the employee, the company must report the transaction to both the Australian Taxation Office (ATO) and the employee for inclusion in their tax return.

To ensure compliance, the plan and agreement should be reviewed initially to identify the relevant taxing points. Each year, all transactions (such as grants, vesting and exercises) must also be reviewed to determine whether any reporting obligations apply.

It is important to note that employee share schemes may also give rise to a payroll tax liability, depending on the circumstances.

10. State Payroll Tax

Payroll tax is a state-based tax, payable when total wages exceed a state's threshold (as low as AUD \$1 million in some States). The threshold is calculated on:

- Employee wages and salaries
- Superannuation contributions
- Fringe benefits
- Some contractor payments

Rules and thresholds vary from state to state and are annually updated, with base rates currently between 5% and 7%. Some states have lower rates for regional employees.

11. Workers' Compensation Insurance

All employers must hold workers' compensation insurance through a state-approved provider.

This compulsory cover protects both employers and employees in the event of workplace injury or illness. Premiums vary depending on industry and claims history.

12. Taxable Payments Annual Report (TPAR) and Contractors

In some specific industries (including IT), Australian entities are required to report all payments to contractors (both local and overseas), annually. In many cases contractors are bona fide but in many other cases employees want to be paid as a contractor for perceived tax advantages.

The Taxable Payments Annual Report (TPAR) is lodged online and provides a detailed summary of all relevant payments made to payees during the year.

It is important to note that the ATO shares information with State Government taxing authorities, particularly for Payroll Tax compliance purposes.

The risk for these arrangements lies largely with the entity hiring the contractor, and they may well be held liable for:

- Workcover
- Payroll Tax
- Superannuation

In extreme cases the ATO may determine PAYG should have been deducted from these payments.

About Hall Chadwick

Unlocking Value

Hall Chadwick is a chartered accounting and consulting firm with specialised expertise in fintech, renewables, property development, retail, hospitality, family office and forensics - providing tailored, commercial advice that aids clients in making informed decision making and long-term success.

With a team of over 900 and offices in 12 major cities around the world, including Melbourne, Sydney, New York, Singapore and Hong Kong - Hall Chadwick brings extensive international and domestic experience to every client engagement. We are proud to be ranked among the top 20 accounting firms in Australia.

Hall Chadwick is also a member of PrimeGlobal, an award-winning network of over 3,800 partners and 45,000 team members, generating a combined revenue of \$5.4 billion across more than 300 firms in 113 countries. We are actively involved in PrimeGlobal, with representation on its World Board.



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