



ANDRESEN M^CCARTHY PARTNERS

LEADING THE WAY



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- Changes To Superannuation From 1 July 2024

Obligations in employing Contractors

Do you employ contractors in your business?

As a business owner, paying contractors to provide services is a common practice. However, it's essential to understand your obligations to ensure compliance with Australian Taxation Office (ATO) regulations.

Here's a guide to help you navigate the requirements and avoid potential pitfalls.

Distinguishing Employees from Contractors

First, it's crucial to correctly distinguish between employees and contractors. Misclassifying employees as contractors can result in significant legal and financial consequences, including back payment of entitlements, taxes, and penalties.

- **Employees:** Generally, work under the business's control, have set hours, and are entitled to benefits such as leave and superannuation.

- **Contractors:** Operate their own business, have the ability to subcontract, provide their tools, and are paid to achieve a result rather than being paid for time worked.

Key Obligations for Businesses

1. Taxation:

- Ensure that contractors provide their Australian Business Number (ABN). Without an ABN, you may need to withhold 47% of the payment for tax purposes.
- Check if the contractor is registered for Goods and Services Tax (GST) and include GST in your payments if applicable.



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Obligations in employing Contractors (Cont.)



2. Superannuation:

- In some cases, you may be required to pay superannuation for contractors if they are deemed to be working principally for your business and are paid primarily for their labour.

3. Reporting:

- Businesses must report payments to contractors via the Taxable Payments Annual Report (TPAR) if they provide services in certain industries, such as building and construction, cleaning, courier, road freight, IT, security, investigation, or surveillance services.

Best Practices

1. Written Agreements:

- Have clear, written agreements outlining the terms of engagement, including payment terms, deliverables, and obligations of both parties.

2. Record-Keeping:

- Maintain accurate records of all transactions, contracts, and communications with contractors. This will support your tax filings and help in case of disputes or audits.

3. Regular Reviews:

- Periodically review your arrangements with contractors to ensure ongoing compliance with ATO guidelines and to adapt to any changes in regulations.

Understanding and meeting your obligations when paying contractors is essential to avoid legal and financial risks.

Correctly classifying workers, ensuring proper documentation, and complying with tax and superannuation requirements can help you manage contractor relationships confidently.



Important tax dates

21 OCTOBER

Pay annual PAYG instalment notice (Form N).
Lodge only if you vary the instalment amount or use the rate method to calculate the instalment.

Lodge and pay quarter 1, 2024–25 PAYG instalment activity statement for head companies of consolidated groups.

Lodge and pay September 2024 monthly business activity statement.

28 OCTOBER

Lodge and pay
quarter 1, 2024–25
business activity
statement

21 NOVEMBER

Lodge and pay
October 2024
monthly business
activity statement.

21 DECEMBER

Lodge and pay
November 2024
monthly business
activity statement.

Changes To Superannuation From 1 July 2024

From 1 July 2024, several significant changes to Australia's superannuation system will come into effect, impacting both employers and employees. These updates are designed to enhance retirement savings and streamline superannuation management.

Here's a detailed look at some of the key changes to come.

Higher Superannuation Guarantee (SG) Rate

The compulsory superannuation guarantee (SG) rate will increase by 0.5% from 11% to 11.5%. This increase continues the planned SG rate rise, which will increase by another 0.5% to 12% on 1 July 2025.

Impact on Employers and Employees:

- **Employers:** Will need to adjust payroll systems to account for the higher SG rate.
- **Employees:** Employees should benefit from higher super contributions, which boost their retirement savings.

Increase to the Concessional (Before-Tax) Contributions Cap

The concessional contributions cap, which limits the amount of pre-tax contributions that can be made into super, will rise by \$2,500 from \$27,500 to \$30,000 per financial year. These contributions include employer contributions and personal contributions made through salary sacrifice arrangements.



Tax Implications:

- Concessional contributions are taxed at a flat 15% rate.
- Employees with existing salary sacrifice arrangements should review and potentially adjust their contributions to maximise the new cap.

Increase to the Non-Concessional (After-Tax) Contributions Cap

The non-concessional contributions cap, which limits after-tax contributions to super, will increase by \$10,000 from \$110,000 to \$120,000 per financial year. The bring-forward limit will also rise from \$330,000 to \$360,000 with a bring-forward period of 3 years, depending on your age.

Preservation Age

The preservation age, the minimum age individuals must reach to access their super through an account-based pension or lump sum payments, will be set at 60. Super accessed from this age is not subject to income tax, offering a significant benefit for retirees.

Transfer Balance Cap

The transfer balance cap, which dictates the amount that can be transferred from a super account to start a pension account, remains at \$1.9 million for the 2024-25 financial year. While the cap itself has not changed, the ability to retain amounts over \$1.9 million within an accumulation account, where investment earnings are taxed at 15%, remains crucial.

These changes to superannuation, effective from 1 July 2024, are set to enhance the retirement savings landscape in Australia.



Welcome to the Team, Claire and Milad!

We're thrilled to introduce two amazing new additions to our Team !

Claire Van Der Haar



Welcome Claire, one of our new graduate accountants, to the team! Claire graduated from Deakin University in 2023 and she brings a fresh perspective and great enthusiasm to our firm. Outside of work, Claire enjoys cooking up new recipes, hitting the pavement for a run, diving into a good book, and watching true crime documentaries. We asked Claire a few questions to get to know her better:

What is one of the things on your bucket list?

Hiking the Inca Trail in Peru.

If you had a time machine, would you go back in time or into the future?

I would go back in time and probably buy myself a winning lottery ticket.

If you could have any superpower, what would it be and why?

Invisibility, imagine all the cool places you could sneak into!

Milad Dagher



Welcome Milad, who joined us in July, Milad graduated from the University of Tasmania in 2023. When he's not diving into numbers, you'll find him with his nose in a non-fiction book or hitting the gym for long sessions of weight training. Milad is also a big fan of sports, especially boxing, Australian Rules Football, and cricket. We asked him a few fun questions to get to know him better - check them out below!

If you could have any superpower, what would it be and why?

Superhuman strength – I had a large collection of “The Hulk” and “Thor” comic books growing up.

If you could only listen to one song for the rest of your life, what would it be?

“Going the Distance” from Rocky soundtrack.

If you had a time machine, would you go back in time or into the future?

Back in time



We are here to help

Make use of us! This guide is merely a starting point, designed to help you identify areas that might have a significant impact on your personal and business planning.

We are always pleased to discuss matters with you and advise in any way we can.