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2015 Employer Obligations Survey Results Report

2015 Employer Obligations Survey Report

The Employer Obligations Association of Australia (EOAA) is delighted to share our 2015 Employer Obligations Survey Report with you. With possible reform on the agenda for various areas of Employer Obligations and with a current review of Employer Obligations being undertaken by the Inspector General of Taxation, our report is timely and relevant to all employers. The purpose of this report is to summarise and interpret the data collected from our 2015 Employer Obligations Survey.

The Big Numbers - Employing people in Australia

Based on 2014 Government revenue statistics, annual Employer Obligations revenue to the Government is just over \$200 billion. In addition, employers remit around \$80 billion each year to employee's super funds. Within Australia there are approximately 850,000 employers, with over 95% of those businesses considered to be small businesses with a turnover of \$2 million or less.

These numbers put in to perspective the huge responsibility that a large number of employers have in managing their workforce, managing multiple Employer Obligations and revenue collecting for the Government. Whether an employer has 5 employees or 5,000 employees, whether for profit or not for profit, regardless of industry sector - the burden is significant.

Who completed the survey?

The survey was completed by a broad range of businesses and industry sectors. Importantly the survey showed a good spread of size, weighted disproportionately to the larger end of town.



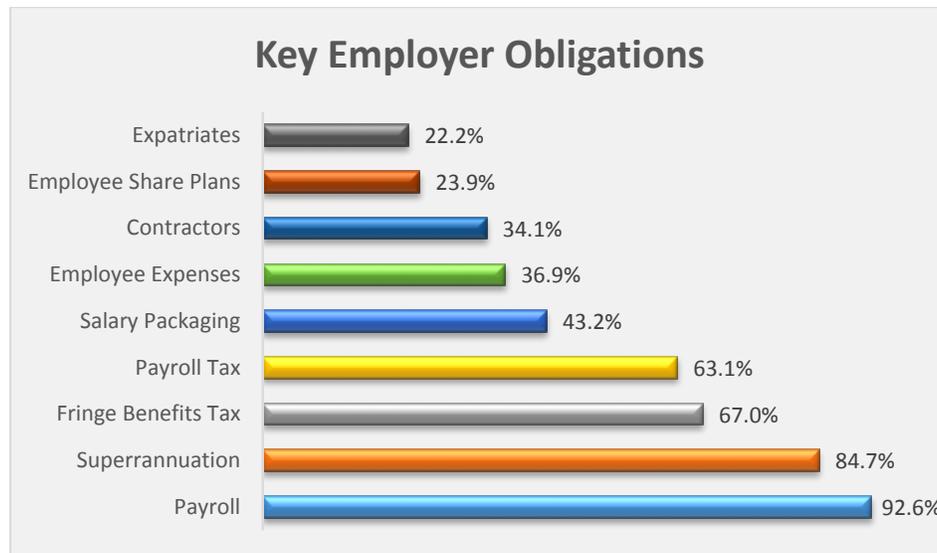
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Key Employer Obligations

In the survey we asked respondents to nominate what they viewed as the key Employer Obligations (EO) in their business. Note that respondents could choose more than one EO and judging by the results below it is clear that employers have competing EO demands. The following chart illustrates the key EO voted by respondents



Payroll, Superannuation, Fringe Benefits Tax and Payroll Tax were identified as the four key EO. Certainly Payroll and Superannuation obligations are mandatory in all businesses. The obligation for Fringe Benefits Tax exists once a single taxable benefit is provided. The obligation for Payroll Tax is subject to an annual wages threshold test that can be as low as \$550,000.

Risk of non-compliance

Not only are employers faced with a multitude of obligations and rules to comply with, but they are constantly under threat by the revenue authorities, on a Federal basis the ATO and the OSR / SRO in each State and Territory. Employers that do not comply with their EO can be liable to penalties and interest charge. Australian's self-assessment system places the onus on employers to ensure they comply.

For example, if an employee (or ex-employee) complains to the ATO that their employer has not paid the right amount of superannuation, or not paid it on time, the ATO will conduct an audit. Often these types of audits begin as a review, in this example, of only superannuation guarantee obligations, but can broaden to include other areas of EO, such as Payroll, Contractors and Fringe Benefits Tax. With increased sharing of information across the revenue authorities, in this example, the ATO may then share their concerns with the State Revenue Offices or other areas of the ATO.



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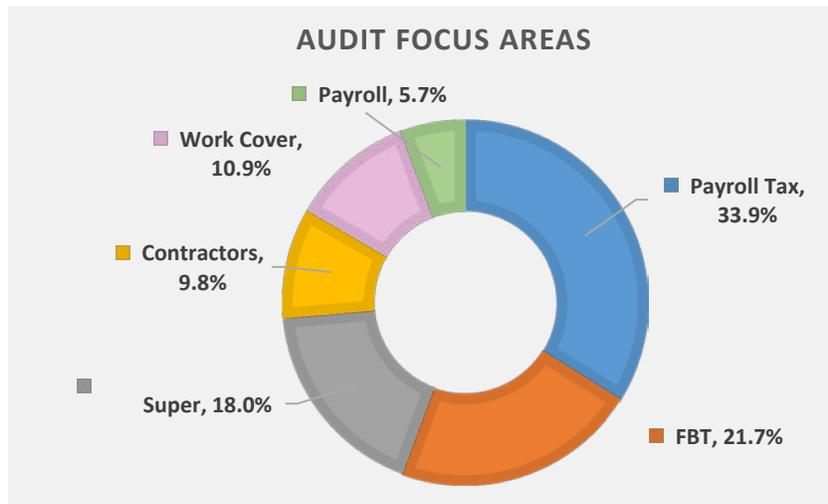
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The ATO has around 2,000 auditors trained to undertake EO audits, with particular focus on Payroll, Superannuation, Fringe Benefits Tax and Contractors.

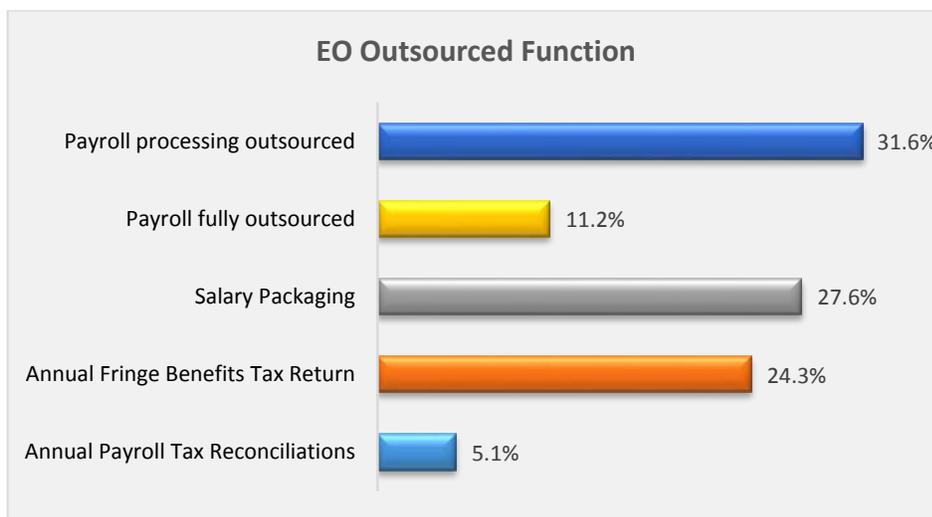
Audit & Compliance Activities

Over half of the respondents said their organisation has been audited by the ATO or OSR in the last 2-3 years and the main areas of audit focus were Payroll, FBT and Superannuation.



Outsource or In-house

With the many challenges faced by employers, the debate over Outsource v In-house is always strong. From our survey results, Payroll outsource, either fully outsourced function or processing only outsource, is the biggest area of EO outsource based on 42.8% of respondents answers. Salary packaging at 27.6% and the annual FBT Return at 24.3% were the next most popular outsourced EO.



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The internal cost of managing Employer Obligations

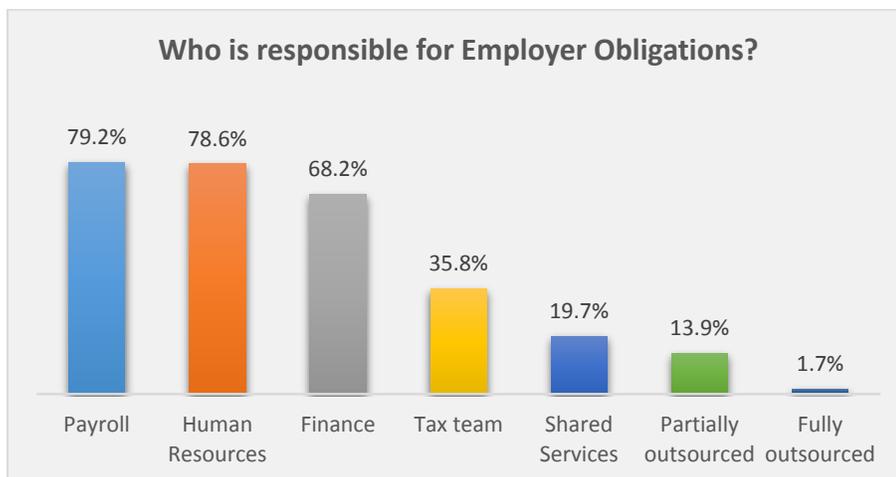
The commitment required by employers to manage Employer Obligations is significant. Nearly 20% require 11 or more full-time employees to manage day-to-day obligations and annual / ongoing reporting obligations. A further 22% of employers require 5 to 10 full time employees to manage day-to-day and reporting obligations. Smaller organisations require 2 to 4 full time employees to manage day-to-day and reporting obligations.



Aside from employers paying salary and on-costs, there is the additional cost of systems, software and training.

Who is responsible for Employer Obligations?

In short, everybody in an organisation is responsible to some extent or other for managing Employer Obligations. Our survey results clearly reflect this shared responsibility.



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Our survey aimed to gain an understanding of where the responsibility lies at a functional level. According to the survey results, Payroll (79.2%), Human Resources (78.6%) and Finance (68.2%) are the top three functional areas that have primary responsibility for the employer obligations. It is almost impossible to assign sole responsibility as the management of Employer Obligations requires a broad range of skills and experience including Accountants, Payroll, HR and Tax experts. Ultimately, it is a shared responsibility, but there is a need to have a framework in place for overall responsibility.

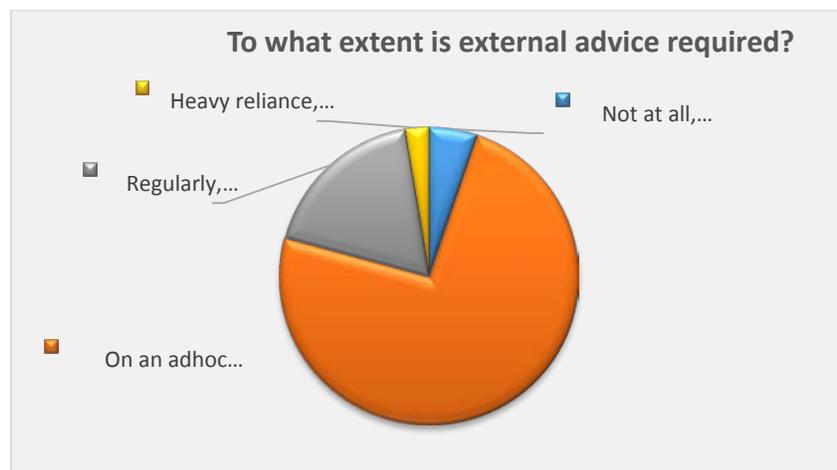
Which EO is the most difficult to manage?

Nearly 50% of respondents said that FBT was the most difficult EO to manage, followed by Payroll (29.9 %) and Salary Packaging (18.5 %).



External support or advice used

74% of respondents rely on external advice on an adhoc basis, whilst 18.2% seek advice on a regular basis and 2.6% rely heavily on external advice.



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External or internal training offered

The rules surrounding EO are often complex and require dedication when trying to stay up to date. Employers recognise the complexity and responsibility by providing internal training (58.9%) or requiring external training (74%) on a regular or adhoc basis.



Conclusions

In addition to complying with other taxation obligations, businesses, and not-for-profit organisations, have to play a vital role in collecting taxes as well as ensuring that employee entitlements such as superannuation payments are made. This survey provides a high level snapshot of Employer Obligations across a range of businesses and industries.

We hope this report provides some insight to how employers are managing their obligations and the constant demands that are placed on employers.

If you have any feedback or queries on our survey or this report, do not hesitate to contact me on 02 9275 8735 or paul@employerobligations.com.au

Further below we provide some information on EOAA and our upcoming training schedule.

Best wishes with meeting your Employer Obligations in 2016!

Paul Mather
Founder and Managing Director
Employer Obligations Association of Australia



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Become a member of the Employer Obligations Association of Australia

With the 2016 FBT return season just around the corner, we recommend joining our Association so we can help to guide you through the 2016 FBT Return preparation process. After that we can help you with your year end Payroll & Payroll Tax reporting obligations.

And all this for our low introductory annual membership offer of \$399 including GST.

Join up online here: <http://employerobligations.com.au/membership/>

Who are we?

We are Australia's only fully dedicated Employer Obligations Association. Led by Paul Mather, our team is qualified in Taxation, Payroll and Accounting with many years of combined experience in consulting, compliance and advisory.

Whether you have 5 employee's or 5,000 employee's, the number of employer obligations is significant. We understand the interaction between employer obligations, but more importantly, we understand the competing needs of HR, Payroll, Finance and Taxation teams when managing employer obligations. We offer industry representation and leadership through lobbying, thought leadership and consultation. We are astute at dealing with the Australian Taxation Office and State Revenue Offices.

What are Employer Obligations?

Employer obligations include the requirement to operate, maintain, offer and / or meet obligations in relation to the following:

Payroll	Payroll Tax
Superannuation	Contractors
Termination Payments	Workcover
Employee Expenses	Mobility
Fringe Benefits Tax	Car Parking Valuation
Fleet Management	Logbook
Salary Packaging	Employee Share Schemes



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What are the benefits of joining the EOAA?

- Tax & Payroll experts available at your fingertips
- EO Assist Query & Answer service (unlimited queries)
- Eliminate frustration and time wasted trying to source the right information and support
- Build your teams knowledge and understanding
- Reduce your exposure to risk
- Reduce compliance costs
- Up to 50% discount available on our training
- Members are entitled to discounts on all our training events
- Webinar training schedule <http://tinyurl.com/EOAA-Webinar-Training>
- Seminar training schedule <http://tinyurl.com/EOAA-Seminar-Training>

What is the cost of membership?

- Introductory offer - annual membership is \$399 including GST
- Join here: <http://employerobligations.com.au/membership/>

EO Assist Query & Answer service: (unlimited queries)

Central to membership is our unlimited query service.

Members are welcome to submit queries on any aspects of their Employer Obligations. Written responses will be sent directly to your email. Most queries will be answered same day. Where the query requires more in-depth research, the response time will be longer. Where relevant, responses are referenced to legislation, case law, rulings, ATOIDs and Practice Statements.

Some recent examples of day to day member queries.

- Is a travel allowance subject to Superannuation?
- Does annual leave accrue on an employee's notice period?
- How do we treat employer contributions to our Social Club?
- Should we pay a referral arrangement via Payroll or provide the employee with a gift voucher?
- Do we have a liability to Payroll Tax on our employee share plan benefits?
- How do we report salary sacrificed and employer Superannuation to the Fund and on the employee payslip?
- What expenses can we reimburse tax free when an employee relocates temporarily for work?
- Should we withhold tax on payment of a motor vehicle allowance?



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- Are there tax implications of an employee consuming alcohol with dinner when travelling for business?
 - Does FBT apply when an employee business trip includes a private travel component?
 - We have paid employer Superannuation late, are there any implications?
 - Christmas Gifts (what are the FBT, GST and Income Tax implications)
 - Salary Packaging of cars and pre-tax v post-tax deductions
 - What are the Salary Packaging options for employees who are relocating
 - Termination Payments (looking at PAYG withholding, accruing annual leave on notice period and Superannuation obligations)
- Monthly EO update:

A monthly update and bulletin email service covering current hot topics, areas for planning opportunities, recent relevant cases, ATO/OSR rulings, and ATOIDs. Member contributions to the Monthly EO Update are also welcome.

- Monthly EO Spotlight Series

Each month we will focus on a particular area or areas of Employer Obligations and share with you technical and operational challenges, and solutions.

- My membership contacts

Up to 6 contacts can be listed under the membership. This can be updated anytime throughout your membership. The membership application only requires one staff members contact details. Once registered, we will seek contact details for other staff. Contacts may be from Payroll, Human Resources, Finance and Taxation, or any other part of the organisation – you choose.

How to join? <http://employerobligations.com.au/membership/>

We look forward to you joining the EOAA so that we can help to share the responsibility for your Employer Obligations!

If you have a query about Membership, please call our Membership Manager Jo Yin on 02 9275 8735 or email us at member@employerobligations.com.au



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It's time to start thinking about your 2016 FBT Return obligations...starting with training...

Full Day FBT Return Seminars

We are hosting five full day 2016 FBT Return preparation seminars across Australia as follows:

- A. Wednesday 24 February – Sydney Hilton <http://tinyurl.com/FBT-Sydney-24-Feb>
- B. Tuesday 1 March – Perth Parmelia Hilton <http://tinyurl.com/FBT-Perth-1-March>
- C. Thursday 3 March – Melbourne Hilton South Wharf <http://tinyurl.com/FBT-Melb-3-March>
- D. Wednesday 9 March – Brisbane Hilton <http://tinyurl.com/FBT-Brisbane-9-March>
- E. Wednesday 16 March – Sydney Hilton <http://tinyurl.com/FBT-Sydney-16-March>

From your desk, 2016 FBT Webinar Essentials Training (90 minutes duration)

Thursday 17 March - 2016 **Australian** FBT Essentials Update Webinar
To register or for more information: <http://tinyurl.com/Aust-FBT-Webinar>

Tuesday 22 March - 2016 **New Zealand** FBT Essentials Update Webinar
To register or for more information: <http://tinyurl.com/NZ-FBT-webinar>

From your desk, Surviving an Employer Obligations Audit (90 minutes duration)

Tuesday 8 March - 2016 Surviving an Employer Obligations Audit
To register or for more information: <http://tinyurl.com/EO-Audit>

In-house training session

1. You decide the agenda - we will help you to design the session
2. You decide the time and place, and length of the session
3. You choose the audience (Finance, Tax, HR, Payroll, etc)
4. You choose the style (presentation, workshop, discussion group etc)

If you have any queries on our 2016 training program or would like to discuss in-house training options, please contact us: info@employerobligations.com.au or 02 9275 8735.



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