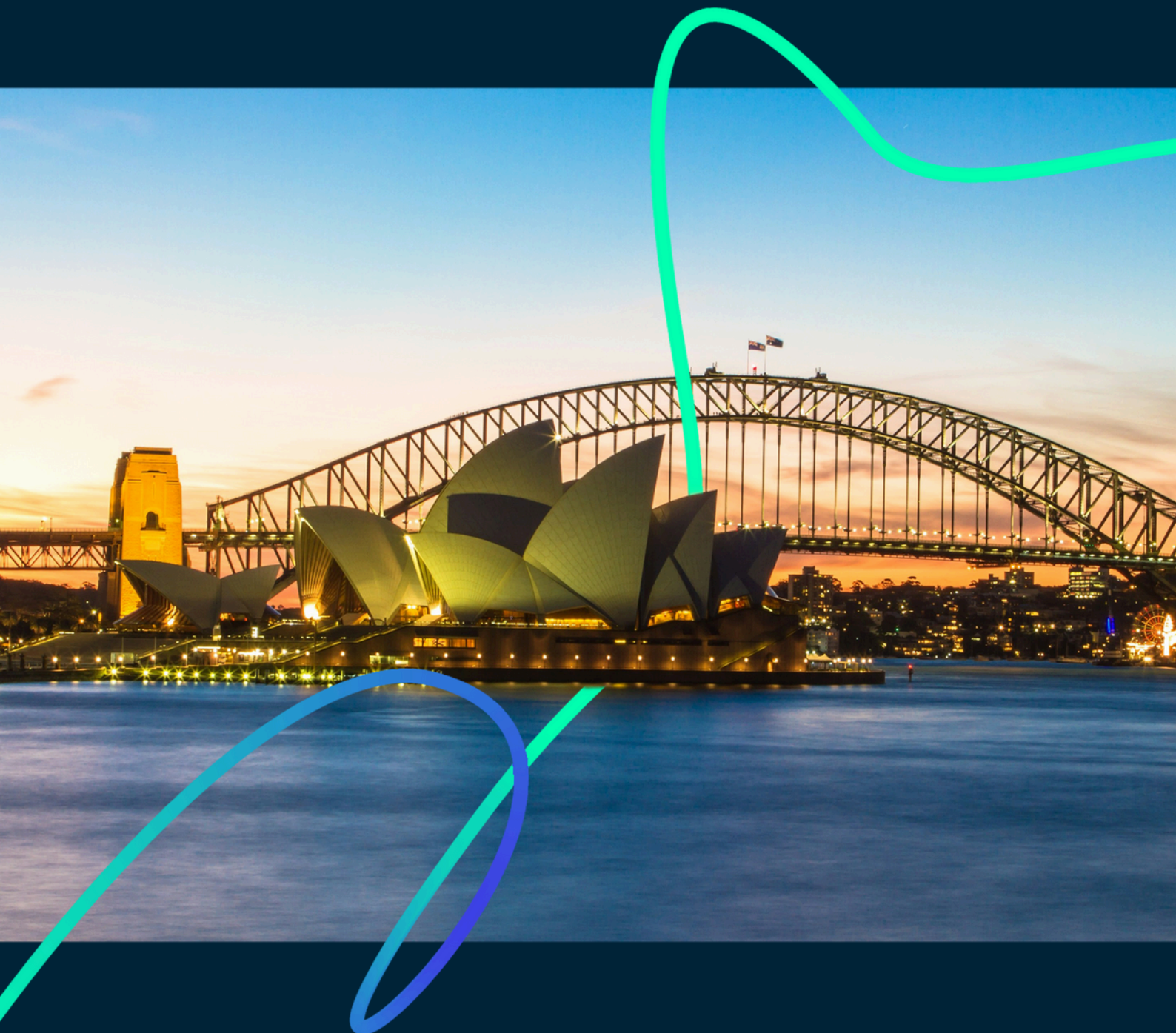


*activ*payroll

# Australian Year-end Payroll and Employer Tax Reporting Obligation

Our Ref: EOFY 2025



# Australian Year-end Payroll and Employer Tax Reporting Obligation

For most employers, in addition to the annual payroll reporting requirements, the end of the Australian financial year coincides with a number of tax and employer reporting obligations.

We have provided for your benefit a detailed overview of these obligations below.

## Fringe Benefits Tax

Fringe Benefits Tax ('FBT') is a tax imposed on the employer in respect of certain benefits provided to employees working in Australia during the financial year. Benefits typically include non-cash personal benefits, including but not limited to:



Private health insurance



Car parking



Entertainment



Motor Vehicles



Other personal items or expenses

FBT is a tax levied on the employer and not the employee and is purely an employer responsibility. The employee does not pay tax on these benefits.

The employer is required to prepare and lodge an annual FBT Return in respect of benefits provided between 1 April to 31 March each year to disclose the taxable benefits provided to employees during the year.

Lodgement of the FBT return and payment of the corresponding FBT liability is generally due by 21 May of each year, however is extended to 25 June if lodged through a tax agent.

Importantly from a payroll perspective, the taxable value of fringe benefits provided during the FBT year must be disclosed in the end of year Single Touch Payroll ('STP') finalisation.

In addition, the taxable fringe benefits must be included as wages for the purposes of the employer's annual Payroll Tax Returns. As such, it is important that all FBT obligations are met prior to finalising the end of year payroll reporting and lodgement of the annual Payroll Tax Returns.

Through our tax partners, we can assist with the preparation of FBT returns and reporting obligations if required. Our rates for FBT returns are attached.

In addition, we are able to offer FBT consulting services including advice and guidance as a separate service through our tax partner. If you have any questions in respect to the FBT impact of certain benefits or would like to explore ways of structuring benefits in a tax-efficient manner, we are happy to connect you with our tax partner who will be able to discuss your requirements.



## Employee share plans

In Australia, employee share income does not form part of the payroll function, and it is not income which is subject to Pay-As-You-Go ('PAYG') tax withholding.

Instead, the issue of shares or rights (e.g. options, deferred awards etc.) to employees in respect of employment exercised in Australia are subject to income tax under the Employee Share Scheme ('ESS') provisions of Australia's domestic tax law.

Under the ESS provisions, the reporting of the taxable value of the employee share income during the year is carried out on an annual basis. The annual employer reporting consists of the following:



### ESS Annual Report

to report to the ATO the total taxable value of shares or rights issued to each employee during the year



### ESS Statements

to report to each employee the taxable value of shares or rights issued to them during the year for the purposes of enabling them to complete their Australian income tax returns.



ESS statements are required to be issued to employees by 14 July each year.

The ESS Annual Report is required to be lodged with the ATO by 15 August each year. Penalties may apply for failure to lodge or if lodgement is done late.





In addition, the taxable value of ESS income is included as wages for the purposes of the annual Payroll Tax Returns. As such, the ESS reporting must be completed prior to finalising the end of year payroll reporting and lodgement of the annual Payroll Tax Returns.

Through our tax partners, we can assist with the ESS reporting obligations. Our rates for ESS reporting are attached.

In order to carry out the required ESS reporting, all relevant values need to be provided by the employer, including the taxing date, taxable values and whether it is an up-front or deferred tax scheme.

If you need assistance determining the taxing date and taxable values, you will need to seek additional advice (whether that is through us or your own advisors). Should you require assistance, we are able to offer ESS consulting services as a separate service through our tax partner.

We strongly recommend that you seek advice in respect to the Australian tax implications of any employee share plans as there are several income tax issues that will arise for both the employee and employer.

## Payroll Tax

Following the end of the financial year, employers are required to lodge an Annual Payroll Tax Return in each State they pay wages, to reconcile the taxable wages paid to employees during the financial year.

The annual Payroll Tax Returns are due for lodgement and payment by **21 July** each year.

For Payroll Tax purposes, businesses may be grouped together where they are deemed to be related to each other. When businesses are grouped, the taxable wages of all the businesses in a group are combined and only one member of the group, the designated group employer (DGE), is entitled to claim the deductible threshold amount throughout the financial year.

As part of the annual Payroll Tax Reconciliation process, it is important that grouping is considered and reported correctly. To ensure this process is conducted, we will require details of the company holding structure including a copy of the global organisation chart where available.



## Timeline and information

The expected timeline of events to carry out the various end of financial year payroll and tax reporting obligations is as follows:

### FBT

- For clients which we are engaged to prepare FBT returns for, we will contact you in April to commence the FBT return process and the information required.
- For clients preparing their own FBT returns, or through another provider, we will require by no later than 30 June:
  - A full copy of the lodged FBT return
  - A copy of the employee detail Reportable Fringe Benefits (RFBT) statement for inclusion in payroll year end finalisation. To be provided in Excel format.

### ESS

- For clients which we are engaged to prepare the ESS Reporting, we will contact you in June to commence the process. A template will be provided which will assist in gathering the relevant information required.
- For clients carrying out their own ESS reporting, or through another provider, we will require by 14 July, details of the total taxable values of all ESS interests for each employee for the financial year.

### Contractors

- For all clients, we will require by 14 July, details of all taxable payments made to individual contractors, subcontractors or consultants.





We aim to work closely with all employers to ensure the end of financial year payroll and employer reporting is as seamless as possible. Should you have any questions in relation to the above, please let us know.



**Schedule a consultation**

Further information regarding Australian reporting requirements can be found in our Global Insights



<https://www.activpayroll.com/global-insights/australia>



For and on behalf of Activpayroll Pty Ltd

**Melanie Gaensler**

*Payroll Operations Manager Australia*



## Our global office



### Our global office are :

Perth, Australia

Aberdeen, UK

Singapore

Edinburgh, UK

KL, Malaysia

Glasgow, UK

Dubai

Dublin, Ireland

Paris, France

Cape Town, South Africa

Frankfurt, Germany

Florida, USA

Manchester, UK

## APPENDIX A

### Payroll Tax Returns

Number of Payroll States	Amount per State per month	Amount Reconciliation per annum
1 - 2	\$275	\$275
3 - 4	\$220	\$220
5+	\$198	\$198

### Fringe Benefits Tax Return

Number of employees with fringe benefits	Amount per annum
1 - 5	\$1,650
6 - 15	\$2,750
16 - 25	\$3,850
26 - 50	\$4,950
51 - 100	\$6,600
100 - 200	\$8,800
201 - 500	\$11,000
501+	\$13,750

## ESS Reporting

Number of employees with fringe ESS	Amount per annum
1 - 5	\$1,650
6 - 15	\$2,750
16 - 25	\$3,850
26 - 50	\$4,950
51 - 100	\$6,050
100 - 200	\$7,700
201 - 500	\$10,450
501+	\$13,750

## Employee Tax Returns

Number of employees	Amount per annum
1 - 3	\$880
4 - 10	\$770
11 - 25	\$550
26 - 100	\$440
100+	\$385





**activpayroll Pty. Ltd.**

7/12-20 Railway Road Subiaco  
WA 6008 Perth, Australia

EMEA Global HQ – Aberdeen, Scotland  
Americas Regional HQ – Venice, Florida  
APAC Regional HQ – Kuala Lumpur

<b>Phone</b>	+61 8 6280 0176
<b>Email</b>	<a href="mailto:info@activpayroll.com">info@activpayroll.com</a>
<b>Website</b>	<a href="http://www.activpayroll.com">www.activpayroll.com</a>