

BusinessPlus+ Newsletter

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Annualised Salary Payment Arrangements Commence 1 March 2020

The Fair Work Commission recently made a decision that will change annualised salary provisions under 22 modern awards commencing from 1 March 2020. If an applicable award covers your employee(s), your obligations for paying employee salaries are going to change.

Under the Fair Work Act, Employers have always been obligated to pay salaried employees under all Awards at least the same gross amount that they would have received under their respective awards (including overtime, allowances and travel). Most entitlements should already be accounted for, but as salaried employees do not typically record their time and attendance, it has been almost impossible for employers to calculate any entitlements.

With the recent changes to the annualised salary provisions, you need to start tracking full-time employee hours, even if they're salaried. It means employers can be penalised under the award act, even if their employees are salaried.

The majority of Australian businesses have staff employed under at least 1 of these awards, putting thousands of business owners at risk.

Action Steps for Australian Employers

If your payroll and HR support haven't already alerted you to what's going on, you should meet with them and discuss the next steps. **As a general guide, we recommend businesses do the following:**

- Ensure all full-time employees who fall under one of the relevant awards tracks and submit all hours worked each week, either in writing or electronically.
- Have in place written documentation which records which provisions of the award are intended to be included within the annual salary.
- Where an employee works hours, which exceed those 'outer limits' in a pay period/roster cycle, pay the employee for those hours worked (at the relevant overtime or penalty rate) within the relevant pay cycle.
- Run a report at least once per year comparing employees' salaries with the employees' full entitlements under the Award for all the hours they have worked in the relevant period.
- Run reports each time an employee is terminated to ensure they have been paid the minimum amount under the Award for the hours they have worked since 1 March 2020, or since the last annual report.
- Immediately top up an employee's salary for any underpayments identified in comparison with their Modern Award entitlements.

You can also go to the Fair Work Ombudsman's website for further information and details of the 22 Modern Awards that are affected by these changes at www.fairwork.gov.au/pay/minimum-wages/salary-payments.

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