

AU payroll compliance checklist

A practical checklist for auditing your payroll against current Fair Work and Australian Taxation Office (ATO) requirements.

1. Workforce onboarding and employee classification

☐ **Classification audit**

Check every contractor arrangement against the whole-of-relationship test. How the relationship works in practice decides it, and getting it wrong exposes you to sham contracting penalties and back pay.

☐ **Mandatory new-hire collection**

Collect completed tax file number (TFN) declarations and superannuation standard choice forms from every new starter before their first pay run.

☐ **Visa and working rights verification**

Run Visa Entitlement Verification Online (VEVO) checks on non-citizens to confirm work rights, expiry dates, and visa conditions (like student work-hour limits).

2. Modern awards and time-tracking accuracy

☐ **Dynamic award mapping**

Map hours worked against the correct, current modern award classification levels, including industry rules, junior rates, and apprentice scales.

☐ **Penalty and overtime multipliers**

Apply the right multipliers for weekend shifts, public holidays, late-night or early-morning rosters, and hours that cross daily or weekly overtime thresholds.

☐ **Shift-specific allowances**

Track allowances (uniform, tools, meals, split-shift) as separate line items. Rolling them into base salary can put you in breach of the award.

☐ **Unrounded time logs**

Capture exact, unrounded start, finish, and unpaid break times so your records hold up in a Fair Work inspection.

☐ **7-year tamper-proof archiving**

Keep approved timesheets, rosters, overtime overrides, and rate assignments in an unalterable, easily retrievable format for seven years, per Section 535 of the Fair Work Act.

☐ **Retroactive variance adjustments**

Set up a clear process to recheck past pay periods and calculate back pay whenever Fair Work backdates an award change.

3. Tax and Single Touch Payroll (STP) Phase 2

☐ **Disaggregated income streams**

Report gross earnings by component (overtime, individual allowance types, director fees, specific leave types) rather than as one lump sum.

☐ **Real-time PAYG tax synchronisation**

Check your tax calculations apply the current financial year's pay as you go (PAYG) withholding brackets, including after any mid-cycle adjustments.

☐ **"On or before" submission timeline**

Submit STP data to the ATO on or before the day payment reaches employees' bank accounts. Build the deadline into your pay run workflow.

☐ **Termination code mapping**

Capture the correct separation reason (genuine redundancy vs. voluntary resignation) and check it transmits correctly in your Phase 2 submission.

4. Superannuation under Payday Super

☐ **Qualifying earnings (QE) calculation shift**

Base the 12% contribution on qualifying earnings (QE), the new calculation base under Payday Super. Check it captures commissions, salary sacrifice amounts, and applicable contractor payments.

☐ **7-day fund settlement**

Make sure contributions clear into each employee's chosen fund within seven business days of payday. The old quarterly cycle no longer applies.

☐ **Superannuation guarantee charge (SGC) defences**

Audit for clearing delays to reduce exposure to non-deductible SGC penalties and daily compounding interest.

5. Internal governance and security auditing

□ Segregation of duties

Keep a clean divide: employees who log hours or adjust compensation shouldn't also hold authority to approve final payments.

□ Digital payslip distribution

Issue compliant electronic payslips showing tax, super, and itemised hours within one business day of payment.

□ Immutable audit history trails

Keep an unalterable log of every payroll setting override, manager adjustment, authorisation, and profile update.

Operational note: Manual checklists work as a diagnostic framework for internal reviews. To limit systemic errors, data drops, and manual recalculation risk, build these rules directly into an automated workforce management platform.



Global Payroll

Employee	Pay Run	Local Taxes
 Jessica Lim	May 1 – May 31	 Processed
 Phil Tan	May 1 – May 31	 Processing
 Hugo Brooks	May 1 – May 31	 Processed