

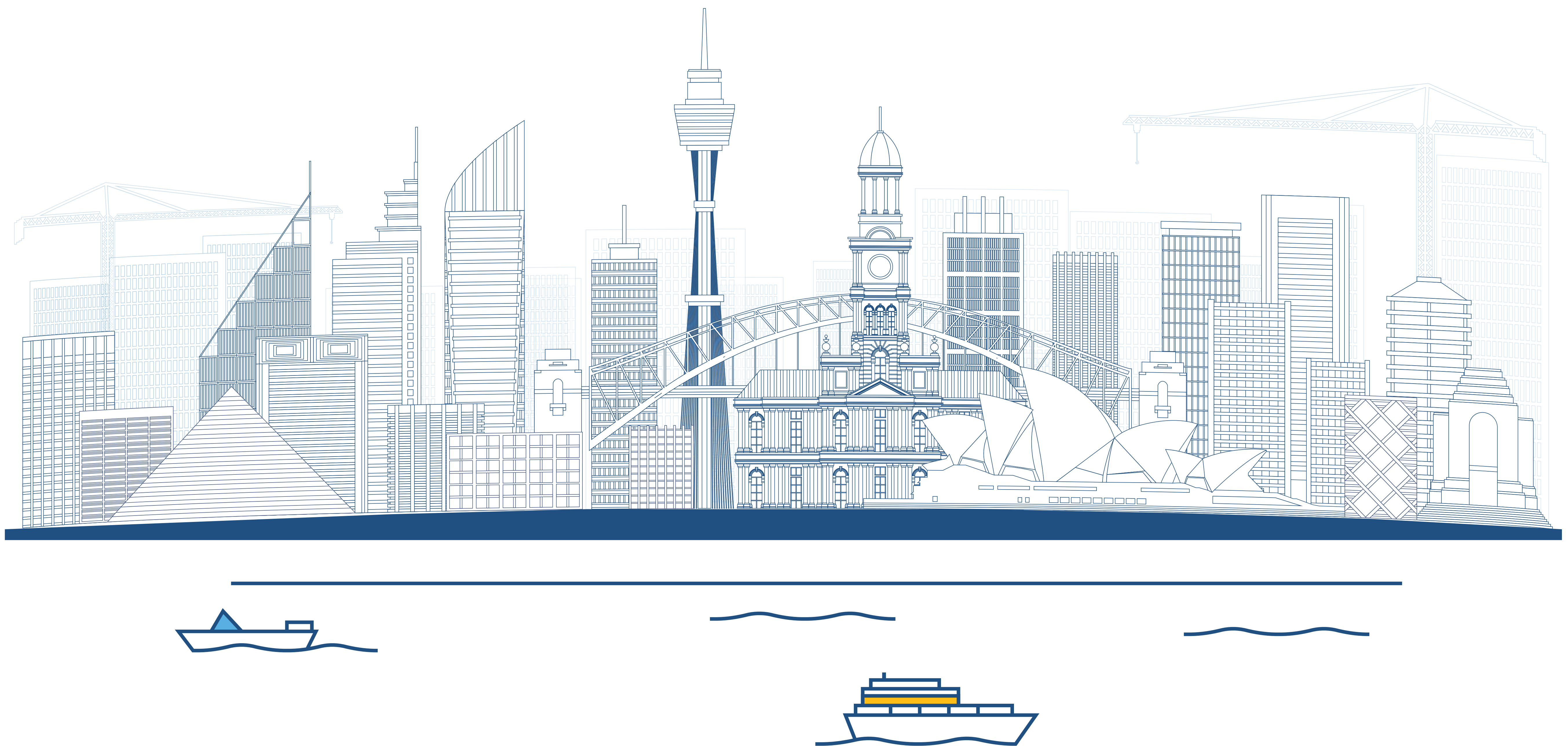
Skuad's guide to hiring compliantly in Australia



Table of Contents

| | |
|--|----|
| Introduction | 2 |
| Australia at a glance | 4 |
| 1. Good to know | 5 |
| 2. Everything you need to know about hiring employees in Australia | 6 |
| 2.1 Employment Laws | 9 |
| 2.2 Benefits | 10 |
| 2.3 Termination | 12 |
| 2.4 Payments & Taxes | 14 |
| 2.5 Leave Policy and Holidays | 16 |
| 3. What is an Employer of Record and do you need one? | 19 |
| 4. Checklist for hiring independent contractors in Australia | 21 |
| Learn how Skuad can help you build your global team on one unified platform | 23 |

Skudad Welcomes You to Australia!



This comprehensive employment guide is intended to provide you with detailed information on the employment processes and other relevant data for hiring full-time employees and contractors in Australia.



Since there are frequent changes to annual statistics and employment laws, we suggest you take notes of the time stamps documented in this guide.



Australia is one of the world's leading economies and is undoubtedly an attractive destination for organizations planning to expand overseas.

The country's diverse population, global ties with major economies and growth in technological advancement makes Australia an enviable and attractive destination for expansion.

One of the major advantages of hiring from Australia is the absence of any language barrier.

One of the major advantages of hiring from Australia is the absence of any language barrier. As English is widely spoken, communication among team members will never be an issue. In addition to the **high percentage of highly educated people in Australia, finding the right fit for your organization is easy.**

While Australia offers numerous benefits for global organizations and is one of the best places to hire top talent, building a team or expanding into Australia can be challenging. Due to its complex employment laws, hiring, managing payroll, and other processes needed to build a successful remote team are strenuous activities for new organizations.

Therefore, hiring compliantly in Australia is crucial for any organization planning to tap into the vast talent pool.

Get deep insight into what is required to hire and build a team in Australia in this guide.

Australia at a Glance

Capital

Canberra

Official Language

No official language.
Predominantly English
(spoken by 80% of the
population)

Estimated population

25,757,558 (2021)



Financial Details (2022)

Currency

Australian Dollars (AUD)

GDP

4.5% (April, 2021)

Income Tax

19-45%

Employment Details (2022)

Work Hours

38 hours/week

Holidays

14 holidays
(annually)

Salary Cycle

Weekly, bi-weekly
or monthly.

1

Good to know...



The primary law that governs employers' conduct and employment in Australia is the Fair Work Act 2009. The Act covers issues such as minimum work conditions, employment and termination guidelines, maximum working hours, severance pay, and other related employment functions.



The probationary period in Australia is optional. However, organizations in Australia usually require three to six months of probation period.



The Australian employment law limits work hours in a week to 38 hours.

2

Everything You Need to Know About Hiring Employees in Australia

Australia boasts of having one of the most educated workforces in the world. According to Statista, over 60% of Australian workers have completed tertiary education. In addition to Australia's highly skilled workforce, the country's mixed economy offers global organizations an easy link to the Southeast Asian and western markets respectively.



Employer Payroll Tax

Employer Liability: Up to 16.5% (Varies by state)



Employee Income Tax

Employee Income Tax: 19–45%
Medicare levy: 2%



Probation period

Probation period is 6 month, but if the employer has 15 employees. it is extended to 12 months.



Maximum Overtime Allowed

Overtime should be paid for time excess 38 hours per week, or in excess of 10 hours per day.



Leave Policies

Privilege leave

Employees are entitled to 4 weeks paid leave per year.

Sick Leave

Employees are entitled to 10 days paid leave per year, that the employee can use if he is sick or need to care for a family member.

Parental Leave

Parental leave is an unpaid leave that lasts for 12 months, and it is possible to request an additional 12 months from the employer.



Work Hours

38 hours/weekly



13th Month Pay

Not required

Maternity Leave

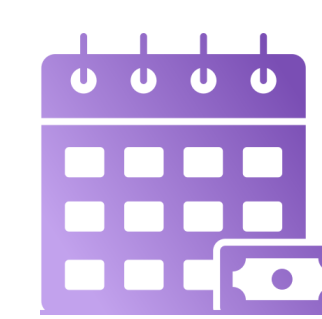
Mothers receive 12 months unpaid maternity leave. Employees can apply to the Federal Government scheme which provides payment for 18 weeks.

Paternity Leave

Fathers are entitled to 5 days unpaid leave at the time of the birth or adoption of a child.

National Holidays

Depends on the state



Salary Cycle

Weekly, bi-weekly or monthly.





Termination

Reason for termination varies based on the number of employees an employee has and the length and type of service:

Employees dismissed in the first 6 months of employment (or 12 months of employment if employed by a small business) cannot make a claim of “unfair dismissal” to the Fair Work Commission. However, there are some exceptions to this known as General Protections matters where there is no minimum engagement period applying.

The notice period is determined by the amount of time the employee has been employed:

- **Less than 1 year of employment: 1 weeks’ notice**
- **1–3 years of employment: 2 weeks’ notice**
- **3–5 years of employment: 3 weeks’ notice**
- **5+ years of employment: 4 weeks’ notice**
- **If the employee is over the age of 45 and has been employed for at least 2 years, they are entitled to an additional week of notice**



Before hiring in Australia, It is best practice for employers to be well versed with the Australian employment laws and every regulations that govern employment activities and workers’ rights. The laws provided below guide the various employment processes in Australia.

2.1 Employment Laws

Employers in Australia have an obligation to comply with the Australian laws and ensure that their employees’ rights are protected. While the legislation, industrial instruments, and common law act as the basis of which the Australian employment law is formed, the Fair Work Act 2009 is the most important element of the Australian employment laws. Due to the complexity of the Australian employment laws, the following information serves as a guide for employers when expanding or hiring from Australia.

| Employment laws | Key points |
|--|---|
| <u>Fair Work Act 2009</u> | The Fair Work Act provides the minimum terms and conditions for employees in Australia. |
| <u>State and Federal Anti-Discriminatory Law</u> | This law governs conduct and ensures no Australian or employee in Australia is subject to discrimination of any kind. |
| <u>Work Health And Safety Act 2011</u> | This Act provides a model for the safety and health of employees in Australia. |



Skquad’s global employment and payroll platform can help you hire employees and carry out all employment-related activities in compliance with the Australian employment laws.

2.2 Benefits

The Australian employment laws govern compensations and benefits provisions. However, some of the regulations that guide the administration of benefits and compensation varies by states in the country. Therefore, it is crucial to understand the federal and state laws particular to your organization.



Insurance Requirements

Employees are entitled to private health insurance which covers visits to health practitioners, specialist's consultations, and other ancilliary health services.



Other Benefits

Employers offer car, gym loans and supplementary private health insurance.

2.3 Termination



Conditions for Termination

Employers can terminate an employee's employment contract for misconduct, incompetency and medical unfitness. However, before an employer terminates an employment contract, they must establish the grounds for termination as early as while drafting the employment letter.

Severance

Employees are entitled to the following benefits after their contract termination

- Outstanding salaries or wages,
- Accumulated and unused leave payments,
- Long service leave, if employee is entitled to it,
- Redundancy pay, if applicable.



Notice Period

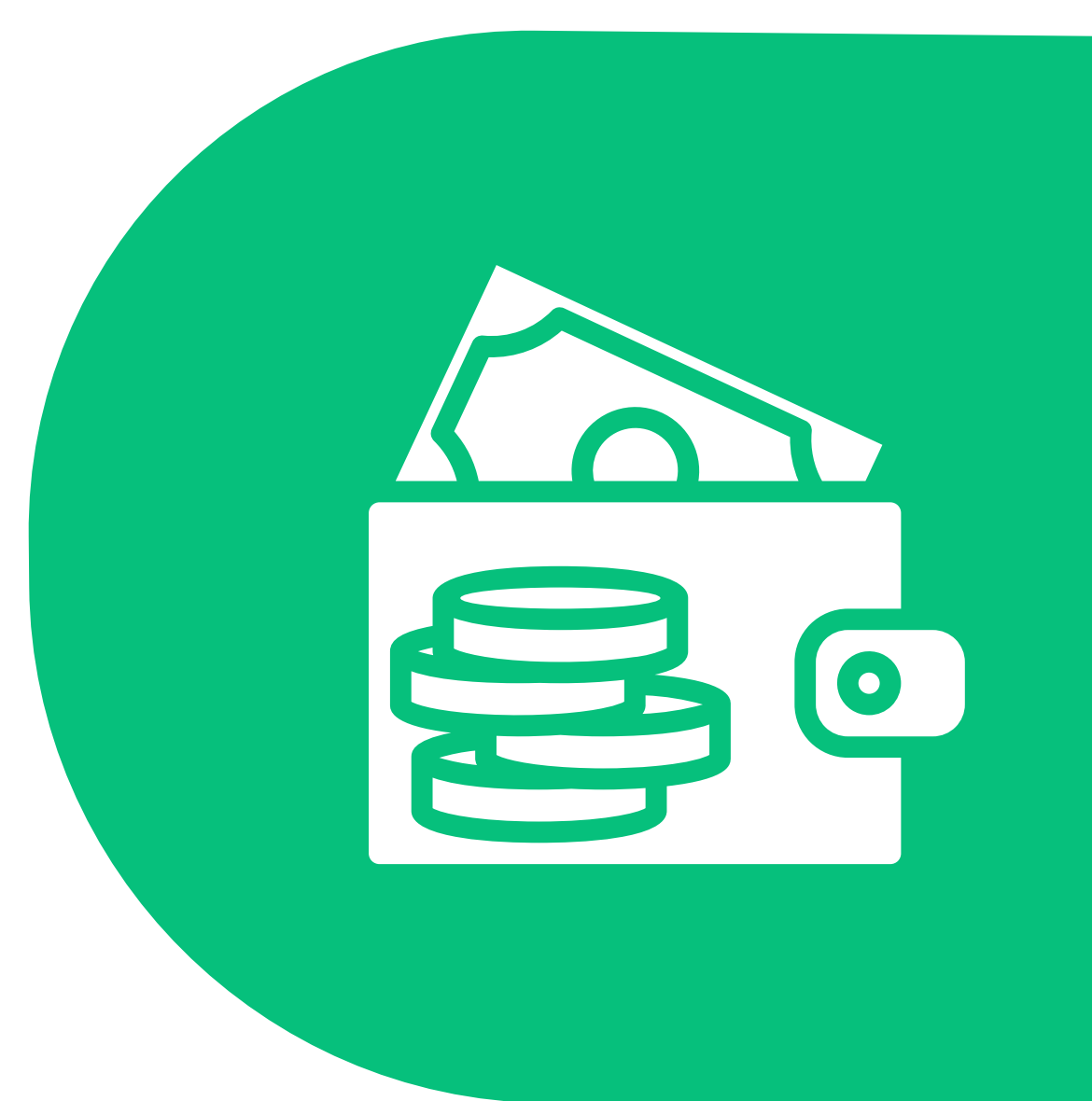
The notice period for employment termination in Australia is as follows:

- One week for employees who have worked in the organization for a year or less,
- Two weeks for employees that have offered their service in the organization for one to three years,
- Four weeks for employees who have worked in the organization for more than five years.



2.4 Payments and Taxes

While there is no separate legislation on minimum wages in Australia, the Fair Work Act 2009 regulates the statutory minimum wage in Australia.



Minimum Wage Requirements

The Fair Work Act 2009 provides the minimum wage in Australia and is reviewed annually. As of July, 2022, the minimum wage in Australia is fixed at AUD 21.38 per hour and AUD 812.60 per week.

Individual Income tax

The tax-free income slab in Australia is AUD 18,200. However, Australian residents pay tax on income at progressive rates. The table below shows the tax on individual income in Australia.

| Taxable Income (AUD) | Tax rate (%) |
|----------------------|---|
| 0-18,200 | 0% |
| 18,201-37,000 | 19% for each AUD 1 over AUD 18,200 |
| 37,001-90,000 | AUD 3,572 plus 32.5% for each AUD 1 over AUD 37,000 |
| 90,001-180,000 | AUD 20,797 plus 37% for each AUD 1 over AUD 90,000 |
| 180,001 and above | AUD 54,097 plus 45% for each AUD 1 over AUD 180,000 |

2.5 Leave Policy and Holidays

Leave Policy



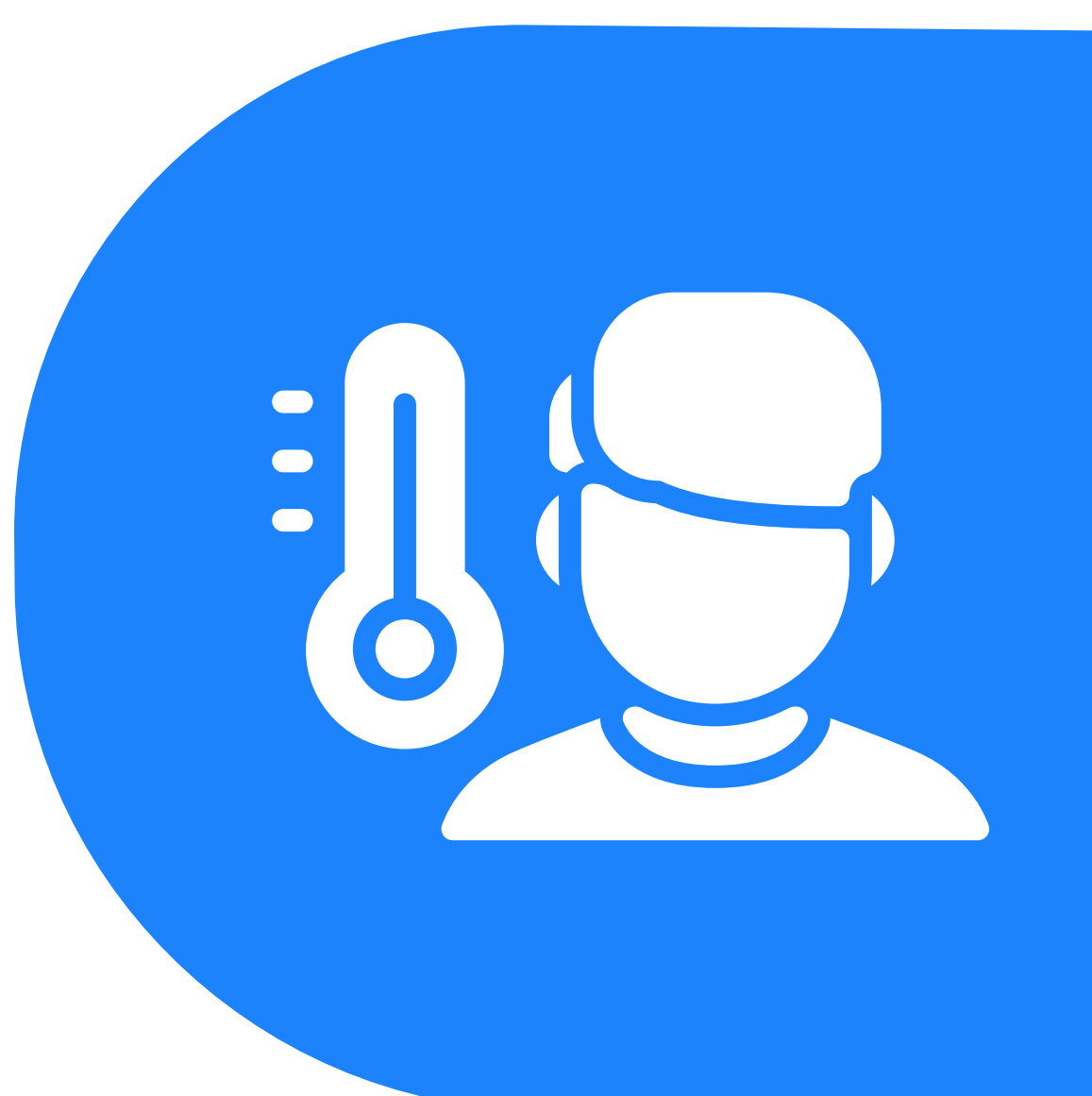
Parental Leave

Employees in Australia are entitled to 12 months of unpaid parental leave. They can also request an additional 12 months of parental leave albeit unpaid.



Annual Leave

Employers in Australia have an obligation to provide four weeks of paid annual leave to their employees in a year.



Sick & Carer's Leave

Employees in Australia are entitled to sick and carer's leave due to personal illness or for the people in their immediate household.

Public Holidays

The paid public holidays in Australia are as follows

| | |
|-------------|---|
| January 1 | New Year's Day (Public holiday is on 2nd Jan) |
| 26 January | Australia Day |
| 8 March | Canberra Day |
| 7 April | Good Friday |
| 10 April | Easter Monday |
| 25 April | Anzac Day |
| 26 April | Additional public holiday for Anzac Day |
| 31 May | Reconciliation Day |
| 14 June | Queen's Birthday |
| 4 October | Labor Day |
| 25 December | Christmas Day |
| 26 December | Boxing Day |
| 27 December | Additional public holiday for Christmas Day |
| 28 December | Additional public holiday for Boxing Day |

| | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------|----|----|----|----|----|----|----------|----|----|----|----|----|----|----------|----|----|----|----|----|----|----------|----|----|----|----|----|----|
| January | | | | | | | February | | | | | | | March | | | | | | | April | | | | | | |
| S | M | T | W | T | F | S | S | M | T | W | T | F | S | S | M | T | W | T | F | S | S | M | T | W | T | F | S |
| | | | | | | 1 | | | 1 | 2 | 3 | 4 | 5 | | | 1 | 2 | 3 | 4 | 5 | | | | | | 1 | 2 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 | 27 | 28 | | | | | | 27 | 28 | 29 | 30 | 31 | | | 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 30 | 31 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| May | | | | | | | June | | | | | | | July | | | | | | | August | | | | | | |
| S | M | T | W | T | F | S | S | M | T | W | T | F | S | S | M | T | W | T | F | S | S | M | T | W | T | F | S |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | | | | 1 | 2 | 3 | 4 | | | | | | 1 | 2 | | 1 | 2 | 3 | 4 | 5 | 6 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 29 | 30 | 31 | | | | | 26 | 27 | 28 | 29 | 30 | | | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 28 | 29 | 30 | 31 | | | |
| | | | | | | | | | | | | | | 31 | | | | | | | | | | | | | |
| September | | | | | | | October | | | | | | | November | | | | | | | December | | | | | | |
| S | M | T | W | T | F | S | S | M | T | W | T | F | S | S | M | T | W | T | F | S | S | M | T | W | T | F | S |
| | | | | 1 | 2 | 3 | | | | | | | 1 | | | 1 | 2 | 3 | 4 | 5 | | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 27 | 28 | 29 | 30 | | | | 25 | 26 | 27 | 28 | 29 | 30 | 31 |
| | | | | | | | 30 | 31 | | | | | | | | | | | | | | | | | | | |

3

What is an Employer of Record and Do You Need One?

Employer of Record platforms enable employers to hire contractors and employees, and manage end-to-end employment cycle in compliance with the Australian employment laws. An EOR acts as the legal employer on behalf of the organization, thereby handling the legal risks and responsibilities associated with employment in Australia.

Through an EOR, organizations planning to hire and build a team in Australia can eliminate the complex processes of acquiring government approvals and spending time and money in opening subsidiaries. Hence, partnering with an EOR is the best way to enter the Australian market.

An Employer of Record in Australia provides services such as:



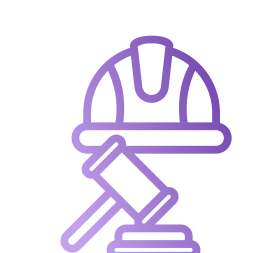
Hiring and onboarding contractors and full-time employees in Australia.



Payroll management and facilitation of accurate and timely payroll for employees in Australia.



Administration of comprehensive benefits packages.



Ensuring compliance with Australian employment laws and tax regulations.

If you have plans to expand, build a team or hire from Australia, partnering with an Employer of Record platform like Skuad offers the best employment solutions.

Skuad's global employment and payroll platform offers the best cost-effective and seamless approach to an organization's expansion plans. Skuad efficiently handles your entire employment lifecycle so you can focus on scaling your business in Australia with less effort, at a reduced cost, and with an efficient HR administration.

To know more about Skuad, [book a demo](#) today.



Checklist for Hiring Independent Contractors in Australia



Written Contract

It is crucial to provide written contracts when hiring independent contractors in Australia. The written contract outlines the job expectations and defines standards between you and the independent contractor.



Payment for Services

When you hire independent contractors in Australia, they are required to submit their invoices at the end of their service. They are responsible for making their own social security contributions.



Timetables

Contractors are allowed to work their own hours. Work is usually on or off site - depending on the agreement with the employer.



Benefits

Unlike full-time employees, independent contractors in Australia are not entitled to paid benefits. When they require medical attention, they take the time off and it is usually unpaid. They are not entitled to benefits usually provided to full-time employees.



Tax Concerns and Procedures

Contractors in Australia receive the gross payment of service rendered and in the written agreement so they can make their own tax payments and contribution towards their superannuation retirement fund.



Severance and Termination

Due to contractors operating on a project-by-project basis, termination of contract is only essential if the contractors fail to fulfill their half of the bargain. Before contracting an independent contractor, ensure the termination procedures in your written contract are viable and favorable to you. Also, provide enough notice as necessary.

Learn how **Skudad** can help you build your **global team** on one unified platform

Skudad is a fast-growing global employment and payroll platform, enabling companies like yours to employ and pay exceptional talent anywhere in the world, seamlessly and compliantly. Our vision is to elevate lives by democratizing talent and opportunities globally.

To learn more about Skudad's platform, write to us at: sales@skudad.io

For more hiring resources:

[Global Employment Guide](#)

[Hire a Remote Team](#)

[Hire Remote Developers](#)

[Salary Calculator](#)

[Skudad Spot](#)

[Case Studies](#)

[FAQs](#)

[Request a Demo](#)