

business.gov.au (<https://business.gov.au/>)

Hiring employees checklist

Are you thinking about hiring staff for your business? Our checklist for small business owners helps you meet Australian laws when hiring an employee. We've also included some tips to help you through the hiring process.

1 Decide on the type of employee

Assess your business needs

Before you start, it's a good idea to assess your business needs so you can hire the right person for your business. Think about:

- the tasks you need the employee to do
- any skills and qualifications they'll require
- how busy the job will be
- how long you think you'll need someone for.

If you are unsure about the skills and qualifications you need, check the relevant award for an idea about skills and their pay rates. You can [find the relevant award](https://www.fairwork.gov.au/employment-conditions/awards) (<https://www.fairwork.gov.au/employment-conditions/awards>) on the Fair Work Ombudsman website.

Decide on the employment type

Depending on the requirements of the job, you might want a:

- full-time employee
- part-time employee
- fixed-term (non-ongoing) employee
- casual employee
- trainee or apprentice.

The type of worker you decide on will affect your obligations to your employee and the government.

Read about different [types of employment](https://www.fairwork.gov.au/starting-employment/types-of-employees) (<https://www.fairwork.gov.au/starting-employment/types-of-employees>) and employee entitlements on the Fair Work Ombudsman website before you decide what type of employee you need.

Done

Know the difference between an employee and independent contractor

When you hire a worker, make sure you know if you are hiring them as an employee or independent contractor. Their classification will affect your tax, super and other obligations.

Whether a worker is classified as an employee or independent contractor can also vary depending on their working arrangement. For example, some independent contractors are considered employees for super obligations and eligible for the super guarantee from their employers.

You're responsible for classifying your worker for tax and super purposes and you need to get it right. If you make an incorrect decision, you may face penalties and charges. To help you:

- Read the information on [determining if your worker is an employee or independent contractor](https://www.ato.gov.au/Business/Employee-or-contractor/How-to-work-it-out--employee-or-contractor/) (https://www.ato.gov.au/Business/Employee-or-contractor/How-to-work-it-out--employee-or-contractor/) on the Australian Taxation Office (ATO) website. This will help you work out your business's [tax and superannuation obligations](https://www.ato.gov.au/Business/Employee-or-contractor/Your-tax-and-super-obligations/) (https://www.ato.gov.au/Business/Employee-or-contractor/Your-tax-and-super-obligations/).
- Read the Fair Work Ombudsman's [independent contractors](https://www.fairwork.gov.au/find-help-for/independent-contractors) (https://www.fairwork.gov.au/find-help-for/independent-contractors) page to understand the different entitlements of employees and independent contractors and why you need to get this right.

This checklist covers the requirements of hiring an employee. If you are looking for information on engaging an independent contractor, check out our [contractors](https://business.gov.au/people/contractors) (https://business.gov.au/people/contractors) section.

Done

2 Assess employment impacts and costs

Know what you're in for

Consider whether you can afford the potential costs and impacts on your business, including:

- recruitment costs
- wages
- allowances, overtime, penalty rates and leave
- tax and superannuation (super)
- workers compensation insurance
- changes to your workplace to make it accessible and safe
- changes to the way you operate your business.

Find pay rates and conditions

Most employees in the national workplace relations system are covered by an award. An award sets out the minimum pay and conditions for a particular industry or occupation.

Use the Fair Work Ombudsman's [find my award](https://services.fairwork.gov.au/find-my-award/) (https://services.fairwork.gov.au/find-my-award/) tool to find the relevant award. Check the award for terms and conditions like:

- minimum pay rates
- hours of work and rosters
- breaks
- allowances

- penalty and overtime rates
- leave.

You can also use the Fair Work Ombudsman's [pay and conditions tool](https://calculate.fairwork.gov.au/findyouraward) (<https://calculate.fairwork.gov.au/findyouraward>) to work out what you'll need to pay your new employee under the relevant award (including any penalty rates).

Where employees aren't covered by an award or agreement, they are entitled to:

- [a minimum wage](https://business.gov.au/people/employees/employees-pay-leave-and-entitlements) (<https://business.gov.au/people/employees/employees-pay-leave-and-entitlements>).
- the [National Employment Standards \(NES\)](http://www.fairwork.gov.au/nes) (<http://www.fairwork.gov.au/nes>), which are certain minimum entitlements that include maximum working hours, leave entitlements and requirements around termination.

Casual employees only get some NES entitlements, like unpaid carer's leave and the right to convert to permanent (full-time or part-time) employment in some circumstances.

You must meet your obligations to employees under the relevant award and the NES. If you don't, you may face penalties. Our free [employment contract tool](https://employ.business.gov.au) (<https://employ.business.gov.au>) can help you to meet these obligations.

If you're considering a [probation period](https://www.fairwork.gov.au/starting-employment/probation) (<https://www.fairwork.gov.au/starting-employment/probation>), you'll still need to comply with entitlements under the award and NES for pay and conditions.

If you're in Western Australia, depending on your business structure, you may need to provide pay rates and conditions under the [WA industrial relations system](https://www.smallbusiness.wa.gov.au/people/industrial-relations-systems) (<https://www.smallbusiness.wa.gov.au/people/industrial-relations-systems>).

Done

Understand potential impacts on your workplace

When you hire an employee, you'll be responsible for managing them and their performance. Find out about [managing employee performance](https://smallbusiness.fairwork.gov.au/managing-employee-performance) (<https://smallbusiness.fairwork.gov.au/managing-employee-performance>) on the Fair Work Ombudsman website.

You must also take all reasonable steps to provide your employee with a healthy and safe working environment. To do this, you may have to make changes to your workplace. You must provide:

- information, instruction, training and supervision
- safe premises, machinery and materials
- safe systems of work
- a suitable working environment and facilities.

You also need to ensure the health and safety of workers and conditions at the workplace. You must have workers compensation insurance for your employees and should consider public liability insurance.

Learn more about [work health and safety](https://business.gov.au/risk-management/health-and-safety/work-health-and-safety) (<https://business.gov.au/risk-management/health-and-safety/work-health-and-safety>).

Done

Know your tax and super obligations

When you employ someone, you'll have tax and super obligations, including Single Touch Payroll (STP) reporting. These obligations are covered in later steps.

Visit the ATO website for more information on your [tax and super obligations for employees](https://www.ato.gov.au/business/employee-or-contractor/your-tax-and-super-obligations/) (<https://www.ato.gov.au/business/employee-or-contractor/your-tax-and-super-obligations/>).

Done

3 Recruit an employee

Advertise and offer a job

To hire the right person for your business, take time to:

- prepare your job description
- advertise the position
- evaluate applications and interview candidates
- make an offer to the right candidate.

[Follow these steps to interview and recruit staff](https://business.gov.au/people/employees/interview-and-recruit-employees/) (<https://business.gov.au/people/employees/interview-and-recruit-employees/>).

[Create a letter of offer and employment contract](https://employ.business.gov.au/) (<https://employ.business.gov.au/>) for an employee under an award.

Don't discriminate

Discrimination in the workplace is unlawful. This includes discriminating against applicants during the recruitment process and once you've hired an employee.

You must not discriminate against job applicants or employees because of reasons such as:

- race
- colour
- national extraction (place of birth or ancestry)
- social origin (class, caste or socio-occupational category)
- sex
- sexual orientation
- gender identity
- intersex status
- experience of family and domestic violence
- age
- physical or mental disability
- marital status

- family or carer's responsibilities
- pregnancy
- breastfeeding
- religion
- political opinion
- industrial activities (such as belonging to a trade union).

If you interview or employ someone with a disability, you may need to [adjust your workplace \(or work practices\)](https://www.jobaccess.gov.au/employers/guidelines-reasonable-adjustments) (<https://www.jobaccess.gov.au/employers/guidelines-reasonable-adjustments>) to make sure it's safe and accessible for them.

Find out more about [equal opportunity and diversity](https://business.gov.au/people/employees/equal-opportunity-and-diversity) (<https://business.gov.au/people/employees/equal-opportunity-and-diversity>).

Done

Check the employee can work in Australia

Once you've found someone, you're responsible for making sure they can legally work in Australia.

If you're considering hiring a worker from overseas, you must make sure they have the correct type of visa. To check if their visa allows them to work in Australia, use the Department of Home Affairs' [free online service](https://immi.homeaffairs.gov.au/visas/already-have-a-visa/check-visa-details-and-conditions/check-conditions-online) (<https://immi.homeaffairs.gov.au/visas/already-have-a-visa/check-visa-details-and-conditions/check-conditions-online>).

Migrant workers, including working holiday makers and international students, have the same workplace rights and entitlements as other workers in Australia (including the same pay rates).

Visit the Department of Home Affairs website for more on [employing overseas workers](https://immi.homeaffairs.gov.au/visas/employing-and-sponsoring-someone/learn-about-employing-migrants). (<https://immi.homeaffairs.gov.au/visas/employing-and-sponsoring-someone/learn-about-employing-migrants>)

Done

Check worker licences and qualifications

Depending on your business, your employee may need specific licences or qualifications to do their job.

Check they have the correct licences and consider providing training if they don't. This may mean hiring them as an apprentice or a trainee while they study for the qualifications.

Check the [licence and permit requirements](https://business.gov.au/planning/industry-information) (<https://business.gov.au/planning/industry-information>) for common industries.

Search the [Australian Business Licence and Information Service](https://ablis.business.gov.au/) (<https://ablis.business.gov.au/>) to find licences you may need.

Done

4 Prepare for your new employee

Induct your new employee

Investing time in a thorough induction will help you get the most from your new employee.

An induction helps your new employee get to know your business, your workplace and their role. This is a good time to provide them with things like tax and super forms, information about their employment conditions, and your work health and safety information.

Find out more about [onboarding new staff](https://business.gov.au/people/employees/onboard-new-employees) (<https://business.gov.au/people/employees/onboard-new-employees>).

Provide your employee with information on their entitlements

You must give your new employee the [Fair Work Information Statement](https://www.fairwork.gov.au/employment-conditions/information-statements/fair-work-information-statement) (FWIS) before, or as soon as possible after, they start working for you. This provides information about their minimum conditions of employment, including the NES.

If they're employed on a fixed term contract, you must also give them the [Fixed Term Contract Information Statement](https://www.fairwork.gov.au/employment-conditions/information-statements/fixed-term-contract-information-statement) (FTCIS).

If they're a casual employee, you must also give them the [Casual Employment Information Statement](https://www.fairwork.gov.au/employment-conditions/information-statements/casual-employment-information-statement) (CEIS).

If your employee is covered by an award, you must make the [relevant award](http://www.fairwork.gov.au/awards) easily available to them. You may provide a digital version or a hard copy (for example, in a prominent place in the kitchen or on a noticeboard at work). You should also tell your employee they are covered by that award, and what classification their role is.

Done

Agree to hours and rostering

Under most awards, you and your employee must agree on their hours of work and rostering in advance, especially if they're full-time or part-time. The award might also have other rules, like how much notice you have to give an employee if you change their roster or hours.

If you're taking on a casual worker, check the award first. They may be entitled to be rostered on or paid for a minimum number of hours each day they work.

The Fair Work Ombudsman has [templates to help you prepare your roster and manage work hours](https://www.fairwork.gov.au/tools-and-resources/templates#hours).

Done

Prepare for tax and super payments

Register for pay as you go (PAYG) withholding

You need to withhold tax from your employee's pay in most cases. You'll collect these PAYG withholding amounts and send them to the ATO at regular intervals. Before you can do this, you must [register for PAYG withholding](https://business.gov.au/registrations/register-for-taxes/register-for-pay-as-you-go-payg-withholding). (<https://business.gov.au/registrations/register-for-taxes/register-for-pay-as-you-go-payg-withholding>).

Find out if you need to [withhold tax](https://www.ato.gov.au/business/payg-withholding/payments-you-need-to-withhold-from/) (<https://www.ato.gov.au/business/payg-withholding/payments-you-need-to-withhold-from/>) from payments to your employee on the ATO website.

Tax file number (TFN) declaration

Ask your new employee to complete a [TFN declaration form](https://www.ato.gov.au/Forms/TFN-declaration/) (<https://www.ato.gov.au/Forms/TFN-declaration/>). The information they provide in the form will help you to work out how much tax you need to take out of their pay.

If your employee chooses to not provide a TFN declaration, you must withhold tax at the top rate.

Superannuation guarantee

You must pay super contributions for all eligible workers to a complying super fund or retirement savings account. This is called the super guarantee (SG).

The SG applies to full-time, part-time and casual employees and some independent contractors. If you don't pay the SG, you will be required to pay [super guarantee charge](https://www.ato.gov.au/Business/Super-for-employers/Missed-and-late-super-guarantee-payments/The-super-guarantee-charge/) (<https://www.ato.gov.au/Business/Super-for-employers/Missed-and-late-super-guarantee-payments/The-super-guarantee-charge/>) (SGC) and lodge a super guarantee charge statement. The SGC is more than the super you would have otherwise paid to the employee's fund and is not tax deductible.

Whether you're paying super weekly, monthly or quarterly, make sure that the SG contributions you make on behalf of your workers are calculated using the current [SG percentage rate](https://www.ato.gov.au/tax-rates-and-codes/key-superannuation-rates-and-thresholds/super-guarantee/) (<https://www.ato.gov.au/tax-rates-and-codes/key-superannuation-rates-and-thresholds/super-guarantee/>).

If your employee is eligible for the SG, check if they're also eligible to [choose a super fund](https://www.ato.gov.au/business/super-for-employers/setting-up-super-for-your-business/offer-employees-a-choice-of-super-fund/) (<https://www.ato.gov.au/business/super-for-employers/setting-up-super-for-your-business/offer-employees-a-choice-of-super-fund/>). If so, give them a [standard choice form](https://www.ato.gov.au/Forms/Superannuation-(super)-standard-choice-form/) ([https://www.ato.gov.au/Forms/Superannuation-\(super\)-standard-choice-form/](https://www.ato.gov.au/Forms/Superannuation-(super)-standard-choice-form/)) within 28 days of them starting.

If your employee doesn't choose a super fund, you may need to request their [stapled super fund](https://www.ato.gov.au/Business/Super-for-employers/Setting-up-super-for-your-business/Offer-employees-a-choice-of-super-fund/Request-stapled-super-fund-details-for-employees/) (<https://www.ato.gov.au/Business/Super-for-employers/Setting-up-super-for-your-business/Offer-employees-a-choice-of-super-fund/Request-stapled-super-fund-details-for-employees/>) details from the ATO. A stapled super fund is an existing super account linked, or 'stapled', to an employee so it follows them as they change jobs.

Check the relevant award to see if there are any other super obligations you need to comply with. If you don't meet your SG obligations, [additional penalties](https://www.ato.gov.au/Business/Super-for-employers/Missed-and-late-super-guarantee-payments/Super-guarantee-penalties/) (<https://www.ato.gov.au/Business/Super-for-employers/Missed-and-late-super-guarantee-payments/Super-guarantee-penalties/>) may apply.

Provide your employee's TFN to their super fund the next time you make a payment for them (or within 14 days of them providing their TFN to you).

Single Touch Payroll (STP) software

You need to work out how you'll report payroll information through STP. Use the [get ready checklist](https://www.ato.gov.au/businesses-and-organisations/hiring-and-paying-your-workers/single-touch-payroll/start-reporting/stp-checklists#ato-Getreadychecklist) (<https://www.ato.gov.au/businesses-and-organisations/hiring-and-paying-your-workers/single-touch-payroll/start-reporting/stp-checklists#ato-Getreadychecklist>) on the ATO website to help you decide.

Done

Provide WHS information and emergency procedures

You'll need to provide your employee with information on work health and safety (WHS) and their WHS obligations.

Find out more about [work health and safety obligations](https://business.gov.au/risk-management/health-and-safety/work-health-and-safety) (https://business.gov.au/risk-management/health-and-safety/work-health-and-safety).

Done

5 Pay your employee the right amount

Find minimum wages

The relevant award sets out your employee's:

- minimum wages
- penalty rates (for example, if they work on a weekend)
- overtime rates
- allowances.

Some employees have special minimum wages in an award, for example:

- [junior pay rates](https://www.fairwork.gov.au/pay-and-wages/minimum-wages/junior-pay-rates) (https://www.fairwork.gov.au/pay-and-wages/minimum-wages/junior-pay-rates)
- [apprentice and trainee pay rates](https://www.fairwork.gov.au/pay-and-wages/minimum-wages/apprentice-and-trainee-pay-rates) (https://www.fairwork.gov.au/pay-and-wages/minimum-wages/apprentice-and-trainee-pay-rates).

Use the Fair Work Ombudsman's [pay and conditions tool](https://calculate.fairwork.gov.au/) (https://calculate.fairwork.gov.au/) to calculate pay rates under an award. If your employee isn't covered by an award, you must pay them at least the [national minimum wage](https://www.fairwork.gov.au/pay-and-wages/minimum-wages#national) (https://www.fairwork.gov.au/pay-and-wages/minimum-wages#national).

Done

Withhold tax from payments

You must collect pay as you go (PAYG) tax from employee payments. Work out the amount to withhold from payments to your employee using the ATO's [tax withheld calculator](https://www.ato.gov.au/Calculators-and-tools/Tax-withheld-calculator/) (https://www.ato.gov.au/Calculators-and-tools/Tax-withheld-calculator/) or [tax tables](https://www.ato.gov.au/Rates/Tax-tables/) (https://www.ato.gov.au/Rates/Tax-tables/).

Amounts withheld need to be included, and paid, on your activity statement lodgement. Find out more on how to [complete your activity statement labels](https://www.ato.gov.au/Business/Business-activity-statements-(BAS)/In-detail/Instructions/PAYG-withholding---how-to-complete-your-activity-statement-labels/) (https://www.ato.gov.au/Business/Business-activity-statements-(BAS)/In-detail/Instructions/PAYG-withholding---how-to-complete-your-activity-statement-labels/) on the ATO website.

Done

Pay employees and provide pay slips

You must pay your employee at least monthly. Some awards require you to pay more often or by a particular method.

Provide pay slips

You must give your employee a pay slip within one working day of paying them. There is certain information that you must provide on a pay slip, including the amount paid and any amounts withheld for tax purposes.

The Fair Work Ombudsman has more about [paying wages](https://www.fairwork.gov.au/pay-and-wages/paying-wages) and what to include on a pay slip.

Done

Keep up to date with pay rates

Make sure you stay up to date with any changes to awards and pay rates. For example, these can change when:

- minimum pay rates in awards and the National Minimum Wage are reviewed each year. Any changes usually take effect around 1 July
- a junior employee has their birthday
- an apprentice or trainee reaches a milestone
- your employee's role changes.

[Subscribe to email updates](https://www.fairwork.gov.au/about-us/contact-us/subscribe-to-email-updates) from the Fair Work Ombudsman to find out when your award is changing.

Done

6 Pay superannuation and tax

Pay super

Each quarter, you'll need to:

- work out [how much super to pay](https://www.ato.gov.au/Business/Super-for-employers/Paying-super-contributions/How-much-super-to-pay/) on behalf of your employee
- report and pay super contributions by the due date electronically using [SuperStream](https://www.ato.gov.au/Business/Super-for-employers/Paying-super-contributions/How-to-pay-super/SuperStream-for-employers/).

If you are late, or don't pay the correct amount of super for all your eligible workers, you must lodge a [super guarantee charge](https://www.ato.gov.au/business/super-for-employers/missed-and-late-super-guarantee-payments/The-super-guarantee-charge/) statement and pay the super guarantee charge to the ATO.

You can use a clearing house to pay super for your employees. You send a single payment covering all employees to the clearing house, and they pay the right amount into each employees' fund.

If you're using the ATO's [Small Business Superannuation Clearing House](https://www.ato.gov.au/businesses-and-organisations/super-for-employers/paying-super-contributions/how-to-pay-super/small-business-superannuation-clearing-house/), you've met your obligations once the clearing house accepts your payment.

If you're using another clearing house, make sure you take their processing times into account. You haven't met your super guarantee obligations until the super fund actually receives the contributions.

Done

Check if you need to pay fringe benefits tax

Fringe benefits tax (FBT) is a tax you pay if you provide certain fringe benefits to your employee, or to their family or other associates. A fringe benefit is like a 'payment', but in a different form to salary or wages. Fringe benefits include:

- letting your employee use a work car for private purposes, such as driving between home and work
- providing your employee with car parking where certain conditions apply
- paying or reimbursing your employee's private expenses, such as school fees or gym memberships
- providing entertainment.

If you provide fringe benefits to your employees, you need to:

- identify the types of fringe benefits provided
- determine the taxable value using one of the approved methods to calculate if you have an FBT liability
- lodge a FBT return if you have an FBT liability or paid FBT instalments through your activity statements
- pay the FBT you owe
- include the grossed-up amount of an employee's reportable fringe benefits through STP or on their payment summary if the total taxable value is more than a certain amount.

If an employee makes a contribution to you towards the cost of the fringe benefit, you need to include the amount in your assessable income.

[Find out more about FBT \(https://www.ato.gov.au/General/Fringe-benefits-tax-\(FBT\)/\)](https://www.ato.gov.au/General/Fringe-benefits-tax-(FBT)/) on the ATO website.

Done

Check if you need to pay payroll tax

If the total amount of wages you pay exceeds a certain amount, you may have to pay a state or territory [payroll tax \(https://business.gov.au/finance/tax/payroll-tax\)](https://business.gov.au/finance/tax/payroll-tax).

Done

7 Keep required records

Employment records

You need to make and keep employee records for 7 years, including records about their:

- employment
- pay
- hours of work
- leave
- super amounts.

Read about [record-keeping \(https://www.fairwork.gov.au/pay-and-wages/paying-wages/record-keeping\)](https://www.fairwork.gov.au/pay-and-wages/paying-wages/record-keeping) and find handy [templates \(https://www.fairwork.gov.au/tools-and-resources/templates\)](https://www.fairwork.gov.au/tools-and-resources/templates) on the Fair Work Ombudsman website.

Done

Records for tax and super

You must keep all records for your employee that relate to:

- tax
- superannuation amount calculations
- how you met your choice of super fund obligations.

You need to keep these records for at least 5 years.

The ATO website has information to help you understand which [tax and super records](https://www.ato.gov.au/business/record-keeping-for-business/detailed-business-record-keeping-requirements/running-your-business---records/employment-and-payroll-records/) (https://www.ato.gov.au/business/record-keeping-for-business/detailed-business-record-keeping-requirements/running-your-business---records/employment-and-payroll-records/) you need to keep for your employee.

 Done

8 Report payments, tax and super

What to report

You need to report payments made to your employees to the ATO, including:

- salaries and wages
- PAYG withholding
- reportable fringe benefits
- super.

Learn more about [reporting tax and super and when to report](https://www.ato.gov.au/business/employee-or-contractor/your-tax-and-super-obligations/) (https://www.ato.gov.au/business/employee-or-contractor/your-tax-and-super-obligations/) on the ATO website.

 Done

Single Touch Payroll (STP) reporting

Each time you pay your employees, you need to report their tax and super information to the ATO through Single Touch Payroll (STP) enabled payroll software.

The reporting includes:

- salary and wages
- amounts withheld.

By 14 July each year, you also need to check your information is correct and make an [end-of-year finalisation declaration through STP](https://www.ato.gov.au/Business/Single-Touch-Payroll/Start-reporting/End-of-year-finalisation-through-STP/) (https://www.ato.gov.au/Business/Single-Touch-Payroll/Start-reporting/End-of-year-finalisation-through-STP/). This is so your employees can access their information to complete their income tax return.

[How you report](https://www.ato.gov.au/Business/Single-Touch-Payroll/How-to-report/) (<https://www.ato.gov.au/Business/Single-Touch-Payroll/How-to-report/>) your payroll information to the ATO depends on your situation and the payroll software you use. The ATO's [start reporting checklist](https://www.ato.gov.au/businesses-and-organisations/hiring-and-paying-your-workers/single-touch-payroll/start-reporting/stp-checklists#ato-Startreportingchecklist) (<https://www.ato.gov.au/businesses-and-organisations/hiring-and-paying-your-workers/single-touch-payroll/start-reporting/stp-checklists#ato-Startreportingchecklist>) takes you through the steps to send your first STP report.

Done

9 Know the rules around ending employment

Dismissal, notice and final pay

In case your new employee doesn't work out, you should know about some of the rules for ending employment.

Whether your employee resigns or you end their employment, you'll need to follow rules about dismissal, notice and final pay.

If you dismiss an employee, they can challenge the dismissal with the Fair Work Commission if they think it was unfair. However, if you're a small business with less than 15 employees, an employee needs to have been working for you for at least 12 months before they can make a claim for unfair dismissal. If you have 15 or more employees, they can make a claim if they've worked for you for 6 months.

Learn more in the Fair Work Ombudsman's [ending employment](https://www.fairwork.gov.au/ending-employment) (<https://www.fairwork.gov.au/ending-employment>) section.

Done
