



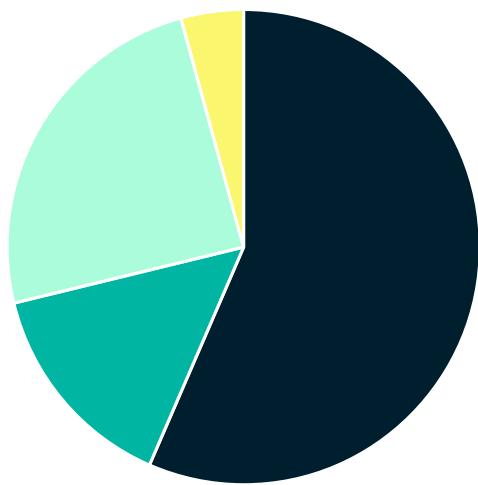
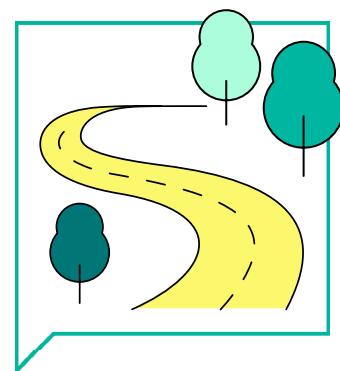
Employment Taxes Update *Navigating ongoing change*



Staying ahead of the *curve*

Navigating complex workforce priorities in an evolving regulatory environment means that the focus on employment taxes for organisations continues to be as critical as ever.

Our October 2025 Employment Taxes Update covers key technical updates, highlights topical issues identified by our experts, and considers proposed reforms relating to Payday Super, worker classification, payroll tax developments and FBT.



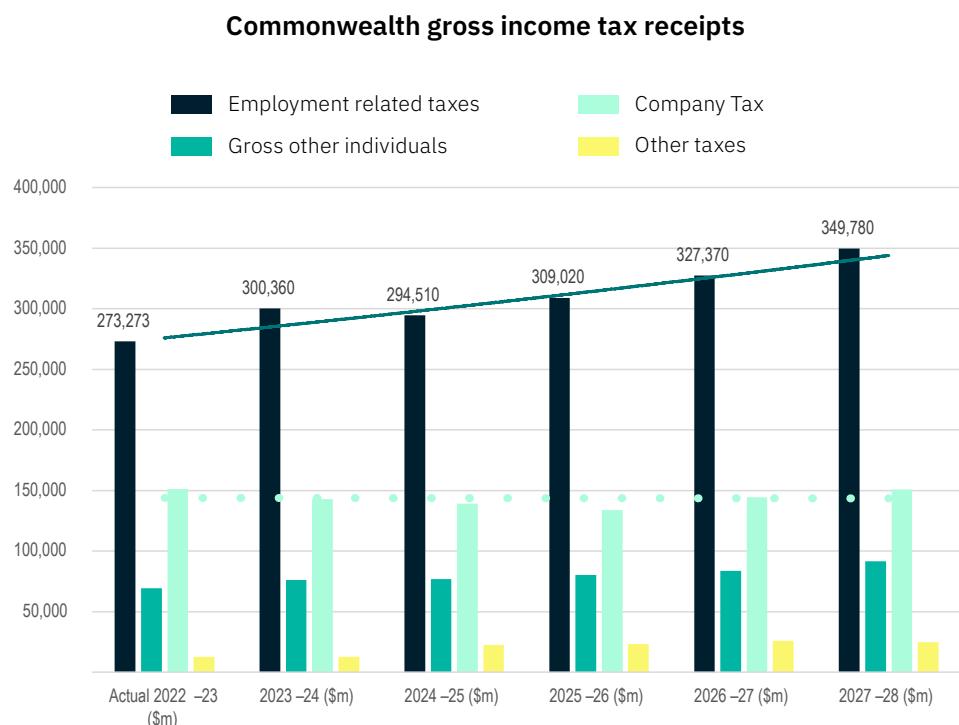
2025–26 Estimates of Commonwealth gross income taxation receipts

- Employment related taxes
- Gross other individuals
- Company Tax
- Other taxes

Employment-related taxes continue to represent a substantial proportion of estimated gross Commonwealth income tax receipts, with forward estimates showing an upward trend while company tax collections to remain steady.



This indicates that employment remains a *major driver* of federal tax revenue, likely reflecting strong labour market conditions and anticipated increases to payrolls, and a stronger focus by regulators in these areas.





Superannuation *Guarantee*

Payday Super - Preparing for change

From 1 July 2026, the proposed Payday Super reforms will require employers to pay Superannuation Guarantee (“SG”) contributions to employee super funds within 7 business days of each earnings (or ‘payday’) event, rather than quarterly. Draft legislation has been introduced to the Parliament, defining ‘payday’ as a Qualifying Earnings (“QE”) day, and setting a strict payment timeframe for SG contributions.

These changes will create new challenges for employers. Payroll systems, clearing houses, super funds, and regulators are interlinked, so even small oversights could have significant consequences.

Employers will need payroll software capable of automating and verifying timely SG payments; cash flow management will become more complex due to more frequent payments; and tighter deadlines may heighten the risk of errors or compliance breaches.

To manage the transition, employers should assess and update their superannuation policies, employment terms, payroll system configuration, and internal control processes.

[Click here to read more.](#)



Worker Classification

The Contractor vs Employee Debate

When engaging workers, businesses are responsible for ensuring that they comply with the relevant laws and obligations, including employment taxes. Non-compliance can lead to fines, lawsuits, and damage to reputation. With increased scrutiny from authorities and evolving court perspectives, correct worker classification is more important than ever. Failing to meet obligations may result in costly and uncommercial outcomes if not addressed promptly.

Two recent High Court decisions held that the terms of a contract should take precedent over the subsequent conduct of the parties when distinguishing whether a worker should be considered an employee or an independent contractor.

Broadly, if the worker is considered an employee, the employer is responsible for meeting PAYG-Withholding (“PAYG-W”), SG, Fringe Benefits Tax (“FBT”), Payroll Tax and Workers’ Compensation Insurance obligations.

If a worker is engaged via a company, trust or partnership (provided it is not a sham arrangement), they cannot be considered an employee, for the purposes of PAYG withholding, SG and FBT.

However, such workers can still be considered as deemed employees for the purposes of Payroll Tax and Workers’ Compensation. Workers who are engaged as individuals/sole traders can also be deemed employees for SG and other obligations.

A high-level summary of the obligations, depending on the worker’s classification, is below.

You can read more about the associated employment taxes obligations [here](#).



	PAYG-W	FBT	Superannuation Guarantee	Payroll Tax	Worker’s Compensation
Independent Contractor	Applies where a valid ABN is not provided.	Does not apply.	May apply where the contractor is an individual or sole trader.	May apply in all States and Territories, except for Western Australia.	May apply, dependent on the State or Territory.
Employee			Applies in all instances		



NSW Court of Appeal *steers* Uber into payroll tax net

On 1 August 2025, a five judge panel of the NSW Court of Appeal (the Court) delivered a unanimous judgment in *Chief Commissioner of State Revenue v Uber Australia Pty Ltd* [2025] NSWCA 172 (the Appeal).

The Appeal was decided in favour of the Chief Commissioner, reversing the first instance decision by the NSW Supreme Court in *Uber Australia Pty Ltd v Chief Commissioner of State Revenue* [2024] NSWSC 1124 (the primary decision), confirming that payments made by Uber to its drivers were subject to payroll tax.

This is a nationally significant case and the outcome will influence:

- the payroll tax treatment of gig economy platforms, such as rideshare and delivery services, where platforms collect payments on behalf of service providers; and
- similar arrangements in other sectors, such as medical centres, mortgage brokers, financial planners, where a collection agent collects payments on behalf of service providers.

Uber has since sought special leave to appeal this decision. [You can read more here.](#)



Payroll Tax and Wage Underpayments - The Overlooked Obligation

Payroll tax is often overlooked when addressing wage underpayment and remediation.

Liability arises when wages are paid or payable, but wage remediation can span multiple payroll tax years, requiring careful consideration of reporting timing. State and territory revenue offices generally require employers to amend prior year payroll tax returns to disclose underpaid wages and report superannuation contributions when remitted to employee funds.

Amendments are typically limited to five years, unless full disclosure was not made, in which case the limit may be extended.

In Victoria, recent reforms have removed any retrospective limit on reassessment in wage remediation cases, increasing challenges for employers managing historical data and recalculating liabilities across multiple jurisdictions.

Our team can support you through this process with relevant revenue offices.



Payroll Tax and Medical Practices

Medical practices in Australia face increasingly complex tax compliance obligations, particularly relating to payroll tax and the classification of doctors as contractors. Recent legal rulings and harmonised state revenue office guidance have confirmed that payments to contractor doctors may be subject to payroll tax under “relevant contract” provisions, unless general contractor exemptions or any medical industry specific exemptions apply. Medical industry specific exemptions vary state-by-state:

State/Territory	Exemption/Concession	Comment
Queensland	Exemption	Applies where patient fees are paid directly to the GP (contractors or employees).
New South Wales	Rebate	For practices bulk billing at least 80% of GP services in metro areas (70% in regional areas).
Victoria	Exemption (from 01/07/2025)	Wages paid for fully bulk-billed GP services exempt; past liabilities waived to 30/06/2025.
South Australia	Exemption & Amnesty	Bulk-billed GP payments exempt; retrospective amnesty for prior years.
ACT	Permanent exemption from 01/07/2025	Applies to bulk-billed GP services.
Tasmania	No specific exemption	Increased thresholds may reduce payroll tax exposure.
Northern Territory	No specific exemption	Increased thresholds may reduce payroll tax exposure.
Western Australia	No harmonised exemption	Applies common law test for contractor status; has not adopted harmonised rulings.

Beyond payroll tax, practices must assess superannuation obligations (contractors may be deemed employees), workers’ compensation coverage, and PAYG withholding requirements. Structuring relationships as genuine tenant-doctor models, where doctors bill patients directly and pay the clinic for services, may reduce payroll tax risk in some jurisdictions. Practices should regularly review contracts, monitor bulk billing ratios, and seek professional advice to ensure compliance across all jurisdictions.



Navigating FBT this *festive season*

As we approach the festive season, it is important for businesses to consider their FBT position with regard to entertainment provided to employees, associates, clients and suppliers. While entertainment is a popular way to reward staff, the FBT consequences are often underestimated. A common misconception is that entertainment benefits valued under \$300 (including GST) are always exempt from FBT. In reality, the minor benefit exemption requires not only that each benefit is less than \$300 (including GST) in value, but also that it is unreasonable to treat it as a fringe benefit, considering several legislative criteria.

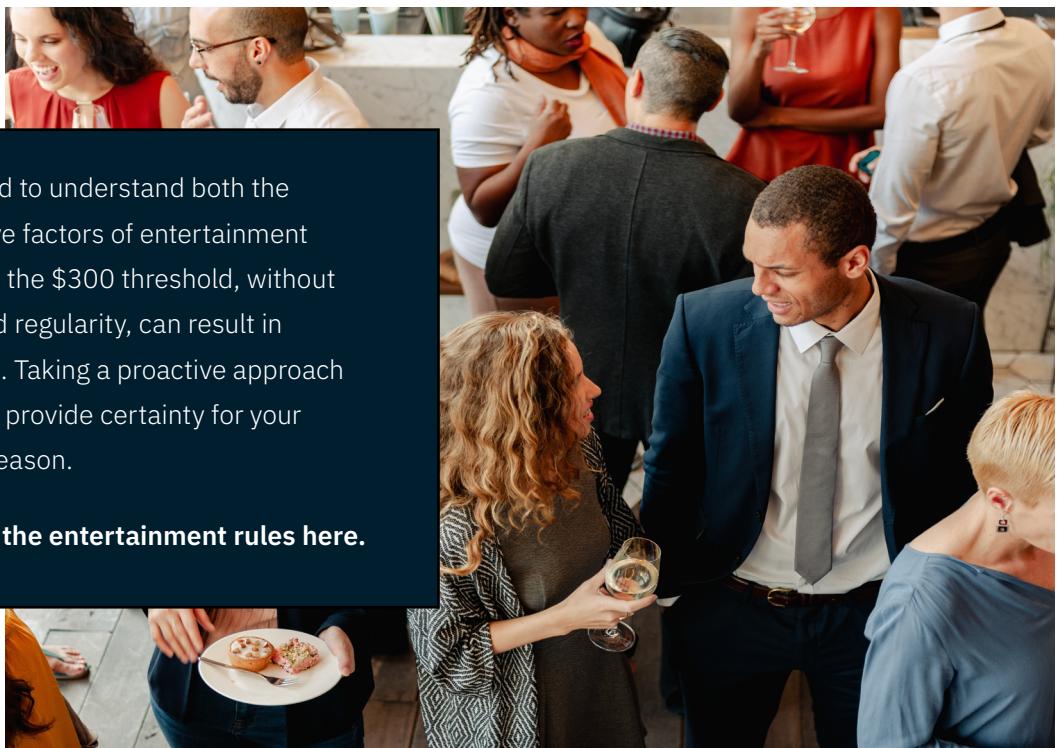
It is essential to note that consideration is required to be given to the frequency and regularity of 'identical', 'similar' or 'associated' benefits. For instance, if an employee receives multiple similar entertainment benefits (such as regular lunches), even when attended with different people and each under \$300 (including GST), these may be considered frequent and regular. In such cases, the minor benefits exemption may not apply, and all benefits could be subject to FBT.



When evaluating whether a benefit qualifies for the minor benefits exemption, businesses should assess both the value of individual benefits and their cumulative frequency, alongside any associated benefits. Documentation and record-keeping are critical to support your FBT position and ensure compliance.

Employers are encouraged to understand both the quantitative and qualitative factors of entertainment benefits. Over-reliance on the \$300 threshold, without attention to frequency and regularity, can result in unexpected FBT liabilities. Taking a proactive approach can help mitigate risk and provide certainty for your organisation this festive season.

Our experts break down the entertainment rules here.



Making
business
personal

Let's Talk

If you'd like to explore how we can support and guide you through these changes, please contact our team.



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