

Hiring employees checklist

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Are you thinking about hiring staff for your business? Use our checklist for small business owners to help you meet Australian laws when hiring an employee. We've also included some tips that might 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 to get an idea about relevant skills and their pay rates.

Decide on the employment type

Must do

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

- full-time or 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](#) 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 contractor

Must do



You can also get someone to provide services to your business as a contractor.

You need to consider a range of factors when determining whether someone is an employee or contractor of your business. It's important that you know the difference and get this right.

Check the [differences between employees and contractors](#) on the Australian Taxation Office (ATO) website – this will help you to work out your business's [tax and superannuation obligations](#).

Read the Fair Work Ombudsman's [independent contracting](#) page to understand the different entitlements of employees and contractors and why you need to get this right.

People engaged to provide services to your business as a contractor are not considered to be employees of your business, so are not covered by this checklist.

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

Must do



For most employees, you can find the minimum pay rates, terms and conditions in the relevant 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 tool](#) to find the relevant award and check:

types and classifications of employees

minimum pay rates

hours of work and rosters

breaks

allowances

penalty and overtime rates

leave

super

You can also use the Fair Work Ombudsman's [Pay Calculator](#) to work out what you'll need to pay your new employee under the relevant award (including any penalty rates).

While some employees aren't covered by an award or agreement, all employees in Australia are entitled to:

[a minimum wage](#)

certain minimum entitlements that include maximum working hours, leave entitlements and requirements around termination (the [National Employment Standards \(NES\)](#))

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](#) can help you to meet these obligations.

If you're considering a [job trial](#) or [probation period](#) , you'll still need to comply with entitlements under the award and NES for pay and conditions.

If you're in WA, depending on your business structure, you may need to provide pay rates and conditions under the [WA industrial relations system](#) . For all other states and territories, check the relevant award and NES.

Done

Understand potential impacts on your workplace

Must do



When you hire an employee, you'll be responsible for managing them and their performance. Find out about [managing employees](#) 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 monitor the health 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](#).

Done

Know your tax and super obligations

Must do



When you employ someone, you'll have tax and super obligations and may need to get Single Touch Payroll reporting. These obligations are covered in later steps. You can also visit the ATO website for more information on your [tax and super obligations for employees](#).

Done

3 Recruit an employee



Advertise and select an employee



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

[Follow these steps to recruiting](#) (and get handy recruitment templates).

[Create a letter of offer and employment contract](#) for an employee under an award.

Don't discriminate

Must do



Discrimination in the workplace is unlawful. This includes discrimination against applicants during the recruitment process, as well as after you've hired an employee.

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

- race
- colour
- national extraction (place of birth or ancestry)
- social origin (class, caste or socio-occupational category)
- sex
- sexual orientation
- age
- physical or mental disability
- marital status
- family or carer's responsibilities
- pregnancy
- 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 work place (or work practices) to make sure it's safe and accessible for them.

Find out more on this Equal opportunity and diversity page. Make sure to check the state resources for discrimination laws in your state or territory.

Done

Check the employee can work in Australia

Must do



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, you can use the free online service Visa Entitlement Verification Online (VEVO).

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 migrants and checking work rights.

Done

Check worker licences and qualifications

Must do



Depending on your business type, your employee may need specific licences or qualifications to do their job. Check they have the correct licences and, if they don't, consider providing training. This may involve hiring them as an apprentice or a trainee while they study for the relevant qualifications.

Check your industry licence and permit requirements.

Search the Australian Business Licence and Information Service 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 them 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.

Check this list of what you should include in a staff induction.

Provide your employee with information on their entitlements

Must do



You must provide your new employee with the Fair Work Information Statement (FWIS) before, or as soon as possible after, they start working for you. This provides them with information about their minimum conditions of employment, including the NES. If they're a casual employee, you must also give them the Casual Employment Information Statement.

If your employee is covered by an award, you must make the relevant award easily available to them. You may provide a digital version or a hard copy (e.g. in a prominent place in the tea room 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

Must do



Under most awards, you and your employee must agree on the hours of work and rostering in advance, especially if they're full-time or part-time. There might also be other rules, for example around 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.

[Download templates](#) from the Fair Work Ombudsman website to help you prepare your roster and manage work hours.

Done

Prepare for tax and super payments

Must do



Register for pay as you go (PAYG) withholding

You need to withhold tax from payments to your employee 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](#).

Find out if you need to [withhold tax](#) from payments to your employee on the ATO website.

Tax file number (TFN) declaration

Ask your new employee to complete a [tax file number \(TFN\) declaration form](#). 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, their pay will be subject to the top tax rate.

Superannuation guarantee

You should pay contributions to a super fund for eligible employees. This is called the super guarantee and it applies to full-time, part-time and casual employees.

If your employee is eligible for the super guarantee, check if they're [entitled to choose a super fund](#). If so, give them a [Standard choice form](#) within 28 days of them starting.

Check the relevant award to see if there are any other superannuation obligations that you may need to comply with.

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).

Done

Provide WHS information and emergency procedures

Must do



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](#).

Done

5 Pay your employee the right amount ▼

Find minimum wages Must do ▼

Your employee's minimum wages, including penalty rates (for example, if they worked on a weekend) and overtime rates, will be set out in the relevant award. Some employees have special minimum wages in an award, for example:

[juniors](#)

[apprentices and trainees](#)

Use the Fair Work Ombudsman's [Pay Calculator](#) 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](#).

Done

Withhold tax from payments Must do ▼

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](#) or [tax tables](#).

Done

Pay employees and provide payslips Must do ▼

You must pay your employee at least monthly. Check the award – sometimes it will require you to pay more often or by a particular method.

Provide payslips

You must give your employee a payslip within 1 working day of paying them. There is certain information that you must provide on a payslip, including the amount paid and any amounts withheld for tax purposes.

Learn more about [paying wages](#) and what you must include on a pay slip on the Fair Work Ombudsman website.

Done

Keep up to date with pay rates

Must do



Make sure you stay on top of any changes to awards and pay rates. Examples of when these can change include 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 from the Fair Work Ombudsman to find out when your award is changing.

Done

6 Pay superannuation and tax



Pay super

Must do



Each quarter, you'll need to:

work out how much super to pay on behalf of your employee

report and pay super contributions electronically using the SuperStream standard by the due date (to avoid the super guarantee charge)

Done

Pay fringe benefits tax – if required

Must do



Fringe benefits tax (FBT) is a tax you need to pay if you provide certain types of fringe benefits to your employee. A fringe benefit is a 'payment', but in a different form to salary or wages. This includes things like:

letting them use a work car to drive between work and home

car parking

providing them with entertainment

If you provide any fringe benefits to your employees, you must:

be registered for FBT

lodge an FBT return if you're liable to pay FBT during an FBT year (1 April to 31 March)

[Find out more about FBT](#) on the ATO website.

Done

Check if you need to pay payroll tax

Must do



If the total amount of wages you pay exceeds a certain amount, you may have to pay a state or territory payroll tax.

Done

7 Keep required records



Employment records

Must do



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 [keeping employee records](#) and find handy templates to help manage them on the Fair Work Ombudsman website.

Done

Records for tax and super

Must do



You must keep all records for your employee for 5 years relating to:

tax

superannuation amount calculations

how you met your choice of super fund obligations

The ATO website has information to help you understand which tax and super records you need to keep for your employee.

Done

8 Report payments, tax and super ▼

What to report Must do ▼

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 on the ATO website.

Done

Check if you need Single Touch Payroll (STP) Must do ▼

STP is a new way of reporting tax and superannuation information to the ATO. With STP you report your payroll information each time you pay your employee through STP-enabled software.

STP started from 1 July 2019 for small businesses with less than 20 employees. But if you employ:

4 people or less – if you haven't got STP and need more time, you can ask your tax or BAS agent to report on your behalf up until 30 June 2021

family (or other 'closely held payees') – you have until 1 July 2021 to start STP reporting for those employees

Find out more about Single Touch Payroll on the ATO website.

Done

9 Know the rules around ending employment ▼

Dismissal, notice and final pay

Must do



This checklist focuses on hiring an employee, but you may want to know up front about some of the rules when 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 more than 15 employees, they can make a claim if they've worked for you for 6 months.

Learn more about ending employment, unfair dismissal, notice and final pay on the Fair Work Ombudsman's [Ending employment page](#).



Done