



South Australian Building Industry

Redundancy Scheme Trust

EMPLOYERS

GUIDE

BIRST Employers Guide



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The Trust

The *Australian Federation of Construction Contractors (SA Branch)* and the following unions jointly established by Deed of Trust the SA Building Industry Redundancy Scheme Trust in 1989.

- *Amalgamated Society Of Carpenters & Joiners Of Australia (SA Branch)*
- *Australian Building & Construction Workers Federation (SA Branch)*
- *Builders Workers Industrial Union of Australia*
- *Federated Engine Drivers & Fireman's Association*
- *Operative Painters & Decorators Union Of Australia (SA Branch)*
- *Plumbers & Gasfitters Employees Union of Australia (SA Branch)*

In 1996 the *Master Builders Association of South Australia* replaced the AFCC and assumed the role of appointing employer representatives to the BIRST Board.

A Board of Trustees manages the trust with equal representation by Union and Employer representatives.

The scheme was established to provide construction industry employees with a secure benefit at the time of redundancy, retirements, death or permanent disablement.

All contributions are held in trust on behalf of members and invested according to the Deed Of Trust, which ensures that security of member's entitlements is the primary objective. Trustees have directed that the funds be invested in Government or Bank guaranteed securities.

Investment earnings are used to recover the cost of administering the fund and the balance is directed towards training within the building industry. No fees are deducted from contributions.

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Registering as an Employer

You must complete and sign the Agreement of Adherence to register your company as an employer.

The Agreement of Adherence is a legal document binding the employer to the Trust Deed and the obligations it sets out in respect of all members enrolled in the fund.

Registering Your Employees

Each eligible employee should complete a Membership Application form and after checking for completeness and accuracy the employer should send these to BIRST.

A membership card will be issued to each of your employees on receipt of the completed application form.

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Paying Contributions

The minimum contribution rate is \$40 per week for each employee however this may vary due to individual site agreements or Enterprise Bargaining Agreements.

On the 20th of each month a return will be generated and posted or emailed to you presuming that each of your registered employees worked the entire month on a BIRST site.

If required you should amend the return to reflect the actual weeks due and the corresponding amount payable using the following guidelines:

Part of a week on a site entitles the worker to a full weeks contribution.
Contributions are payable when an employee is on:

- Annual Leave
- Sick Leave
- Long Service Leave
- Rostered Days Off
- Bereavement Leave
- Jury Service
- Workers Compensation (52 week maximum)

Contributions are not payable if an employee is on unpaid or unauthorised leave during the week.

If an employee has ceased working with you please indicate the termination date and adjust contributions accordingly.

An employee commencing with an employer is entitled to contributions for the first week providing they complete the week. An employee ceasing employment is not entitled to contributions for the last week unless they work the full week (eg. works Friday).

If an employee has changed address please advise us.

New Employees should be added at the bottom of the invoice and a Membership Application form attached.

Payment is due by the 14th of each month.

If you have no employees entitled to contributions write "NIL" on the invoice and return the original to BIRST.

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Lodging and Paying Your Return

BIRST has three options for lodging your BIRST return:

Paper Return

A paper return is printed and forwarded to you on the 20th of each month. Necessary adjustments are made to the return which is then returned by post or facsimile.

Via the Internet

Lodge your return, print receipts and statements by registering to use our new internet service. Contact BIRST on (08) 8373 0122 to obtain a password to use this service.

On an Excel Spreadsheet

We will email your monthly BIRST return in spreadsheet format, which you can adjust as necessary and lodge by return email. Telephone us on (08) 8373 0122 or send an email to enquiries@birst.com.au to request this service.

Paying Your Contributions

Payments can be made by:

- Cheque
- Electronic Funds Transfer
- BPAY

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Termination of Employment

On termination of employment the employee is entitled to a redundancy payment unless the employee resigns and has worked for the employer less than twelve months or is dismissed for misconduct.

The amount payable is the amount held in Trust by BIRST, **or** the amount specified under the relevant award, whichever is the greatest. For award provisions please contact the Department Of Labour or your employer organisation.

When an employee is terminated the employer should complete a BIRST Redundancy Claim Form and give it to the worker. The employee then completes the “Worker to Complete” section of the form and submits it to BIRST to enable payment.

Taxation

Taxation of Employee Payments

In July 1991 the Deputy Commissioner of Taxation ruled (TD 93/17) that redundancy payments via redundancy trusts were not bonafide redundancy payments.

This has resulted in all payments being taxed as follows:

| | | |
|----------------|-----|--------------------------------|
| Under 55 years | 32% | (30% tax and 2% Medicare levy) |
| Over 55 years | 17% | (15% tax and 2% Medicare levy) |

If not provided with a Tax File Number the payment should be taxed at 47%.

If the employer pays the worker it is employer’s responsibility to deduct tax from redundancy payments and provide the employee with a ETP Payment Summary.

If BIRST pays the worker we will deduct the tax and issue the ETP Payment Summary.

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ETP Payment Summary

From July 2007 all Employment Termination Payments must be included on a separate ETP Payment Summary - available from the Tax Office.

The gross amount of the payment should be shown as the “Taxable Component” and the tax deducted included under “Total Tax Withheld”.

BIRST will issue the ETP Payment Summary if the payment is made by BIRST directly to the worker.

Goods & Services Tax

Under the Goods & Services Tax Legislation BIRST is considered to be supplying an “interest in a managed investment scheme” to employees.

This is considered a financial supply and therefore, input taxed - which means that no GST is payable by BIRST for such supplies and that BIRST will not charge employers any GST on their contributions.

Fringe Benefits Tax

Changes have been made to FBT laws that affect employers who make payments to worker entitlement funds. These changes take effect from 1st April 2004.

To ensure that contributions are exempt from FBT you must pay under an industrial instrument (an award that allows you to contribute to a redundancy trust) or have a registered industrial agreement in place that specifies the amount to be contributed on behalf of each employee.

If you have a registered agreement in place and make payments above the amount specified in the agreement, you will be required to pay FBT on the amount above the specified agreement.

Payroll Tax

If your contributions are exempt from Fringe Benefits Tax (see above) they will also be exempt from Payroll Tax in all states except Western Australia.

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Payments to Employees for Reasons Other Than Redundancy

If employee's contributions are not received on termination application may be made direct to the Trust for payment under the following criteria:

1. **Retirement -** after attaining 55 years of age.
2. **Permanent Exit from the Industry** paid after a qualifying period of 39 weeks.
3. **Death** paid to the members preferred beneficiary.
4. **Permanent Disability** upon receipt of Medical confirmation.
5. **Financial Hardship** unemployed for a minimum of four weeks and registered with the Commonwealth Employment Service or the Department Of Social Security.

Further Information

Statements

The Fund will provide both the employer and the employees with regular statements detailing the amount of contributions received, amount reimbursed and the current balance. These are also available on request.

WorkCover

Contributions to BIRST are not included in total remuneration when calculating the WorkCover levy payable.

Income Tax Deductibility

Contributions made by an employer to BIRST are deductible to the employer under Section 51 (1) of the Income Tax Assessment Act.

Superannuation Guarantee Charge

BIRST is not included in ordinary time earnings for the purpose of calculating the superannuation guarantee charge.

If you require further information please call our office on (08) 8373 0122 and our staff will endeavour to assist you or visit our website at www.birst.com.au.

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