



## Employer Guide: Appendix

### Employer Implementation Guidance ATO Commentary

To ensure that Workplace Giving Programs are implemented properly, the Australian Taxation Office has issued guidance to provide support.

This can be found at [www.ato.gov.au/Business/Employers/Preparing-to-engage-workers/Setting-up-a-workplace-giving-program/](http://www.ato.gov.au/Business/Employers/Preparing-to-engage-workers/Setting-up-a-workplace-giving-program/). Additional information extracted from the ATO site is included in this document.

### Setting up a Workplace Giving program

You may consider setting up a Workplace Giving program to allow your employees to regularly donate to charities. Workplace Giving is a simple and effective way for employees to regularly donate to charities or organizations that are entitled to receive tax deductible donations and have deductible gift recipient (DGR) status. Workplace Giving is optional. Both the employee and the employer must agree to participate.

If you establish a Workplace Giving program, you need to be aware of the resulting PAYG withholding implications, including:

- you do not have to reduce the amount of tax you withhold from your employees' salaries
- you have the right to decide on a minimum amount of donation per pay you are prepared to deduct from your employees' income
- in some circumstances, small donation amounts will result in minimal or no change to the amount of tax to be withheld from each pay.

### Workplace Giving programs

Workplace Giving is a simple and effective way for employees to regularly donate to charities or organisations that are entitled to receive tax deductible donations. It is another way for employees to support charities. To participate in a Workplace Giving program, the charity or organisation, such as a library or university, must have deductible gift recipient (DGR) status.

Workplace Giving is optional. Both the employee and the employer must agree to participate. As an employer, you must ensure the participating charities or organisations have DGR status.

### Get it done

If you know the charity's Australian business number (ABN), you can easily check its DGR status by visiting the Australian Business Register website at [abr.gov.au](http://abr.gov.au) or phoning 1300 130 248.

### Benefits of a Workplace Giving program

Workplace Giving programs provide benefits for the community. For charitable organisations, Workplace Giving provides long term, stable funding for core programs. This funding has little or no administrative cost – there are no receipts to issue and no costs associated with targeted communications to attract donors.

### Contact Border Trust for further information

Border Trust: Community Foundation for  
Albury Wodonga Region

T 02 6051 3349

E [mail@bordertrust.org.au](mailto:mail@bordertrust.org.au)

W [www.bordertrust.org.au](http://www.bordertrust.org.au)

PO Box 3288

Albury NSW 2640

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Community Foundation for Albury Wodonga Region

ABN Trustee 34 111 519 012 ABN DGR Trust 11 064 494 169

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For employees, Workplace Giving is affordable, through a transparent and trustworthy program, with no costly fundraising activities. Employees can make donations in an efficient and tax-effective manner, eliminating the need to collect receipts or wait until the end of the year to claim a tax refund.

For employers, Workplace Giving can provide a low cost, administratively simple way of creating community/business partnerships and building employee morale, by mobilising significant funding and volunteer involvement.

## How Workplace Giving works

As an employer, if you wish to offer Workplace Giving, you can invite your employees to enter into a Workplace Giving program.

Your employees will nominate their preferred charity from a selection you provide and then specify the amount they wish to donate. Generally, the donation amount is a fixed amount deducted from their salary or wages on each pay day. You then pay the donation directly to the charity.

The Workplace Giving program does not affect the way your employees' gross income, super guarantee payments or fringe benefits are worked out.

## How to run a Workplace Giving program

If you decide to start a Workplace Giving program, follow the steps below to ensure you meet your obligations as an employer.

1. Decide on the charities you want to approach and invite them to participate in your Workplace Giving program – you can choose one or several charities.
2. Obtain account deposit details from each charity to be involved in your program so you can make lump sum deposits.
3. Decide whether or not you are going to specify a minimum donation amount per pay per participating employee.

4. Decide whether or not you will reduce the amount of tax you withhold from the salaries of your participating employees to account for the amount donated each pay. In some circumstances, small donation amounts will result in no or minimal change to the amount of tax to be withheld.

5. Find out which of your employees would like to participate, how much they are willing to donate and which charities they would like to donate to (from the charities you selected).

6. Deduct the agreed donation amount from the income you pay to each participating employee and forward it to the relevant charity as a lump sum. We recommend you keep a receipt for your records.

7. Keep records of the amount donated on behalf of each employee.

8. At the end of the financial year, advise each participating employee in writing of the amount they have donated.

You do not have to reduce the amount of tax you withhold from participating employees. If you don't reduce the amount of tax withheld, these employees will be able to claim a deduction when lodging their tax return at the end of the income year.

Employee Workplace Giving information is subject to privacy laws. You cannot release information to participating charities without the express written permission of each employee.

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## Working out withholding for regular donations

When you set up a Workplace Giving program, you need to decide whether or not to reduce the amount of tax you withhold from the salaries of your participating employees – to account for the amount donated each pay.

If you don't reduce the amount of tax withheld, these employees will be able to claim a deduction when lodging their tax return at the end of the income year. Use the following steps to work out the amount of tax to withhold from participating employees who make regular donations:

1. Calculate the gross earnings you pay to the employee (before deducting the donation).
2. Calculate the employee's total donation amount.
3. Subtract the total donation amount calculated at (2) from the gross earnings (1).
4. Use the amount you calculated at (3) and find the 'earnings' figure in column 1 of the relevant tax table published on our website.
5. Work out the amount to withhold using the appropriate column in the applicable tax table.

In some circumstances, small donation amounts will result in no or minimal change to the amount of tax to be withheld. If you use a software payroll package, you will need to check with your software provider about whether your software is able to calculate these deductions automatically for each pay period.

If your payroll software is unable to reduce the amount of tax withheld each pay period, you can still implement the Workplace Giving program. In this situation, each participating employee will be able to claim a deduction when lodging their tax return at the end of the income year.

## How tax applies to occasional donations

There is a class variation covering occasional payroll donations to deductible gift recipients. Under this class variation, you can vary the amount of tax you withhold from the salary you pay to your employees who make donations to a charity under an occasional Workplace Giving arrangement.

This variation should be used when donations are not made under a regular planned arrangement – for example:

- a one-off donation of \$250 to Make a Wish Foundation in March
- a one-off donation of \$500 to Cancer Foundation in May

The benefit to employees is that they will receive the tax benefit of the donation at the time they make the donation instead of waiting until the end of the financial year when lodging their tax return.

## Working out withholding for occasional donations

The following steps explain how to work out the amount of tax to withhold when occasional payroll donations are made:

1. Using the applicable tax table on our website, calculate the amount of withholding required from the employee's gross earnings for the relevant pay period (before deducting the donation).

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2. Subtract from the withholding figure calculated at (1), the amount of the donation multiplied by 0.34.

If the resulting withholding amount is zero or negative, there is no amount to withhold.

## Keeping your employees informed

If you have employees participating in a Workplace Giving program, each year you must advise them in writing of the total amount they have donated. You can notify them by letter or email or by payment summary.

## Notifying by payment summary

You may choose to provide the information in the employees' payment summaries, as follows:

- Self-print payment summaries
- ATO payment summaries.
- Self-print payment summaries

If you print your own payment summaries, the total amount of donations made by an employee under a Workplace Giving program can be shown in the same way as union fees – that is, by adding a line of text in the free space on the payment summary.

There is no need to list each organisation, just show 'Workplace Giving' in the deductions section and the total amount of donations for the year.

## ATO payment summaries

If you use ATO payment summaries and you do not deduct union fees on behalf of your payees, you can use the 'Union fees' box to show your employee's total donations to charities under the program. Under 'Name of organisation', write 'Workplace Giving' and include the total donations in the corresponding 'Amount' box.

If you deduct union fees on behalf of your payees, you cannot use ATO payment summaries to notify your employees of the amount they have donated. You should provide your employees with a letter or email.

## Notifying by letter or email

If you choose to provide this information to your employees in a letter or email, you must:

- provide your name and ABN
- provide the employee's name
- state the total amount donated for the year
- state that the amount was donated to a charity
- state the financial year in which the donation was made

## When your employees complete their tax returns

Your employees' individual tax returns are not affected by Workplace Giving. Donations made under a Workplace Giving arrangement and donations made direct to charities are reported in the same way on the tax return.

Total gross income and tax withheld, as notified on payment summaries, must be shown at Item 1 Salary or wages. The total amount of donations made to charities should be shown at Item D8 Gifts or donations.

Employees need to claim the total amount of donations made to charities at Item D8 Gifts or donations regardless of whether you reduced the amount of withholding.

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