Employment records

You will need to keep various records related to employment of staff for taxation and legal purposes. Incomplete records may impact on your business financially through taxation implications.

It is recommended you provide a new employee with a letter of employment, even though this is not legally necessary. This letter can set out the employee’s terms and conditions by specifying their wages, hours of work, leave entitlements, notice requirements and so on. It is useful to have the employee sign the letter as a record of acceptance of the terms and conditions and give them a copy for their own records.

You are advised to keep at least the following records of employment for each employee.

- Work hours
- Wages
- Annual leave
- Sick leave

Employers are required to keep employment records for each individual employee from the time the employee starts with the business. These must be kept for seven years from the time the records are started or the employment is terminated, to determine whether conditions of the award or agreement are being met. The following details are needed.

- The employer’s name.
- The employee’s name.
- The employee’s date of birth.
- The date the employee began work.
- Whether the employee works full-time or part-time.
- Whether the employee works as a permanent, temporary or casual staff member.
- The award or agreement under which the employee has been employed and classified.
Small Business Management Toolbox

Manage finances

Employment records

The employer must also keep records of the pay and conditions of employment, when these are stated in the award. These include the following.

- Start and finishing times
- Overtime
- Pay and deductions
- Meal breaks
- Leave entitlements
- Superannuation entitlements
- Termination of employment

You must provide pay slips to each of your employees showing the following.

- Name of employee
- Date of payment
- Hourly rate
- Hours worked
- Deductions
- Gross wage
- Net wage

Records should also be kept of tax withheld and paid to the Australian Tax Office on behalf of the employee. An employer is also required to provide employees with a payment summary (previously referred to as a group certificates).