School Leavers Guide to the Galaxy

# Jobs, Tax & Superanuation

## Everything you need to know

[Title Page]

*Congratulations - Graduation is du-un!*

**Man, that was pretty hectic.** And we bet you can’t wait to get out and start livin’ your life school-free (you’ve totally got this).

There are so many new milestones ahead of you and a whole bunch of exciting times to come. So, like the good Accountants we are, we want you to be completely prepared for them.

You’re probably feeling pretty bombarded with:

* Like *a million* confusing online resources
* Heaps of unfamiliar pathways
* Advice from that one teacher who reckons they’ve got you all figured out

It can be overwhelming to try and understand exactly what you must do when you finish school. That’s why we’re here to make this transition an easy one.

We’ve put together:

* Fun checklists
* To the point instructions
* Easy to understand information

Plus, we teach you:

* How to understand your tax obligations
* What’s required when you start a new job
* Why Superannuation matters

This isn’t like those boring tests you had to do in school. It’s your very own guide to the galaxy for you to use IRL when tackling all things jobs, tax and superannuation. Um, did someone say ‘fun much?’

Ready? Let’s get stuck into it!

Zooming through the galaxy with you,

*DCG Accounting*

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# IMPORTANT STUFF

# The Almighty Important Stuff Book

Here’s your first (very important) task. We want you to go out and splurge on a really great notebook. Then scribble ‘Important Stuff’ on the front.

Make sure it’s a nice book (no daggy soft covers, please), because you’re going to have it for a loooong time.

In this book you’re going to write down ALL of the important stuff you need to remember.

Sure, you can put all of this info in your phone instead. But what if your phone breaks, your mate spills a drink on it or you accidentally drop it in the toilet? Then, poof, all of that important stuff is gone.

Think of a safe place that you’ll keep your Important Stuff Book so that you’ll always know where it is.

Trust us, your Important Stuff Book will save you a lot of heartache in the long run. We see so many people (yes, grown adults too) who have misplaced valuable information because they didn’t think to keep an Important Stuff Book.

Every piece of info you collect while working through this book is going to get popped straight into your book. And for every other number, code or username you acquire to do with your finances and employment, you’re going to write that in there too.

You + Guide To The Galaxy + Important Stuff Book = Legend

## **JOB STUFF**

## Starting Your First Job

Starting your first job is pretty sweet. You might have had a part-time job during school. But now that you’re heading out into the world post-year 12, this stuff becomes super important to get right from here on in.

And hello, now you can finally start buying things for yourself and not have to rely on mum and dad for your lunchtime pie money (did we just say that?).

The following forms will be really important when you start a new job.

FORMS

1. Tax File Number Declaration

Generally your employer will provide you with a [Tax file number declaration](https://www.ato.gov.au/uploadedFiles/Content/IND/Downloads/TFN_declaration_form_N3092.pdf) form. This is compulsory for you to complete and return to your employer. Your employer will then send this to the ATO. Most employers won’t pay you until you return this completed form and if you do not complete it, they have the right to withhold 49% of your income. But you want all’adat moolah so hand it in.

1. Superannuation Choice Form

Complete a [Superannuation choice form](https://www.ato.gov.au/uploadedFiles/Content/SPR/downloads/SUPER17983Superannuation_standard_choice_form.pdf). This just tells your employer who you’d like to have your Superannuation paid through, and since you’ll already have picked out your Superannuation fund (section 4), you’ll be all over this too.

**Hot tip:**  *It’s really important that you are provided with a copy of these filled in forms as well as your employment contract from your employer. If they do not provide you with these within the first week or so of employment, request them. These are legal binding documents that will outline your rights and the terms of your employment. Keep them in a safe place. Yep, in the back of your Important Stuff Book is perfect.*

## 2. What is a Tax File Number (TFN)?

*“A TFN is a unique number issued by the Australian Taxation Office (ATO) to individuals and organisations to help manage tax and other government services.”*

- Australian Department of Industry, Innovation and Science

If you don’t have one already and you plan on entering the workforce after school, you’ll need a Tax File Number, or TFN. This is a lifetime number issued to you by the Australian Taxation Office identifying you to the tax paying world.

Yes, its compulsory and you *must* get a TFN. And no, there isn’t a way around this.

**Note:**  After you turn 14, you are able to get a TFN issued to you through your school. This makes the process super easy and all you have to do is find the right person to talk to (but if you’ve already left school, that’s cool too. We’ll walk you through exactly what you need to do on the next page).

It is in your best interest to have your TFN all ready to go before you start applying for jobs. This way, you’ll be ready to rock once the right one comes around.

You’ll need your TFN for a range of things. These include:

* Submitting a Tax File Declaration form for a new job
* Applying for HECS-HELP loans if you’re looking to go to University or TAFE
* Lodging a Tax Return
* Applying for an Australian Business Number (ABN)

If you don’t have a TFN when you’re employed, your employer must take 49% of your pay and send it to the faraway land of tax. You really don’t want this. Keep more money in your honey by registering for a TFN!

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## How To Apply for a Tax File Number (or TFN)

[Checklist Format]

* Complete this [online form](https://smarteform.com.au/onlineforms/ato/tax-file-number-application-or-enquiry-for-individuals/)
* Book a TFN interview at a [participating post office](https://auspost.com.au/locate/ato-individual-tfn-services)
* Print your online form with your application reference number and take it to your interview
* Remember to take proof of identity documents to your interview i.e. passport, Learners license, birth certificate, Medicare card (these will be laid out on the form you’ve just printed!
* Attend your interview
* Receive your TFN via mail within 28 days

## 3. What is an Australian Business Number (ABN) and when do I need one?

## *“An Australian Business Number (ABN) is a unique 11 digit number that identifies your business to the government and community.*

## *An ABN doesn't replace your tax file number, but it is used for various tax and other business purposes.”*

## - Australian Department of Industry, Innovation and Science.

ABNs are used when you start your own business. Not everyone needs an ABN and if you’re not planning on starting your own enterprise, skip to the next section.

An ABN is used to officially register your business (this is separate to [registering a business name](http://asic.gov.au/for-business/registering-a-business-name/steps-to-register-your-business-name/)) and is used to:

* Register for Pay As You Go (PAYG) Business Tax
* Confirm the legality of your business
* Register an Australian domain name

On all occasions where customers or clients request your ABN, you must present it. Every invoice that you send and every legal document you create for your business must have your ABN clearly stated on it.

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## How To Apply for an ABN (optional)

[Checklist Format]

* Go to the [Australian Business Register Website](https://abr.gov.au/For-Business,-Super-funds---Charities/Applying-for-an-ABN/)
* Click Apply for an ABN
* Check all boxes that apply to you
* Click next
* Select your business structure (sole trader, company, partnership, superannuation entity or other)
* Follow the prompts and submit
* Receive your ABN via mail within 28 days

**Hot tip:** *Write your ABN in your important stuff book.*

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## 4. What if I have an ABN and a TFN?

When you have an ABN, unlike being employed, you are solely responsible for keeping your tax aside. The income earned from your ABN and through your TFN combine to create your total taxable income. However, you are not taxed on any income earned up to $18,200 each financial year. This is referred to as the tax free threshold.

Once the end of the financial year arrives and you lodge your tax return, you will need to claim both your employment income through your TFN and your business income through your ABN. So, it’s important that you understand these tax obligations before registering for an ABN once you leave school!

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## **COMPUTER STUFF**

## What is a MyGov Account ?

*“A MyGov Account is a secure way to access government services online with one login and one password.”*

- Australian Department of Human Services

Before the days of MyGov Accounts, you needed to remember zillions of usernames, create a ridiculous amount of passwords and then dig around for them any time you wanted to access your information. Now, with your killer MyGov Account you just need to remember the one username (or your email address) and one password. Then you can access all of the following services and more from the one place!

* Medicare
* Australian Taxation Office
* Centrelink
* Australian JobSearch
* My Health Record

To name a few...

Important messages from these services will be sent straight to your MyGov inbox. These will be things like letters, statements and updates. Everything from Centrelink reporting requirements and superannuation balances to tax statements are neatly kept in here.

Don’t worry, you won’t be spammed with emails - Only the important stuff lands in this little baby.

To check your notifications, you can either:

* Log into your MyGov Account (we’ll show you how to set one up in a sec)
* Have push messages forwarded to your email address (so make sure it’s one you actually use)

Once you have your TFN, it’s a good idea to also create a MyGov Account. Here’s exactly how to do it.

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## How To Set Up A MyGov Account

[Checklist Format]

* Go to the [MyGov Website](https://my.gov.au/EnrolService/enrolService.htm?_flowId=mgv2-enrolment-mg-flow&_flowExecutionKey=e1s2)
* Agree to the terms and conditions
* Enter your email address
* Enter your mobile number
* Enter a password (7 characters and 1 number)
* Enter 3 security questions
* Get your important stuff book
* Write ‘MyGov’ and then your username and email
* Link services to your MyGov account (this way you’ll just get emails from one address)
* Choose whether you’d like email or text notifications

**Hot tip:** *When setting up security questions, use answers that will not change over time. Things like ‘my favourite TV show’ or ‘my favourite food’ are more likely to change than ‘my first pet,’ ‘the name of my primary school’ or your ‘mother’s maiden name.’ If you find that the security questions offered when filling them in just aren’t specific enough for you, you can always write your own question. Write down these answers in your Important Stuff Book so you can always refer to them. Oh, you’re so clever!*

**SUPERANNUATION STUFF**

1. What is Superannuation ?

*“Superannuation, or 'super', is money put aside by your employer over your working life for you to live on when you retire from work.*

*Super is important for you, because the more you save, the more money you will have for your retirement.*

*You can only withdraw your super money in certain circumstances – for example, when you retire or turn 65 years old.”*

- Australian Taxation Office

## 2. How is money paid into your super?

When you are employed, your employer must make superannuation contributions (9.5%) on your behalf if you are:

* 18 years or older and are paid $450 or more before tax in one month
* Under 18 years old and are being paid $450 or more before tax in a month and work more than 30 hours per week

***Note:*** *If you are working through an ABN you are required to pay your own superannuation. And if you’ve accumulated a few different Superannuation accounts from different jobs, you can transfer your super all into one account in your MyGov Account.*

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## 3. How To Choose a Superannuation Fund

Yeah, we get it, Superannuation sounds pretty boring. But here is our completely painless guide to choosing your Fund, and it’s easier than you think. Instead of throwing your money away over the years on high interest rates, choose a good Super Fund right from the start and keep that money to use later down the track.

Often your soon-to-be employer will offer you *their* chosen super fund, but this might not be right for you, have high interest fees and other hidden nasties. So by choosing a Super Fund before starting your job, you’ll have all the deets ready to go and you won’t have to ever worry about it again! #winning

Depending on your type of employment, you’ll want to check out this [super comparison page](http://www.ratecity.com.au/superannuation) to see which one suits your sitch.

Things to keep in mind when applying for a super fund are:

* Fees: Always search for the lowest fees available.
* Investment performance: You want a good investment performance.
* Insurance: If you are looking to include basic insurance (such as life and disability insurance) with your super, see what the best rate is.
* Our advisor can assist with this entire process so that you’re in the best position

Now, get out your Important Stuff Book and once you’ve researched (a really good google and the super comparison page will do) and found the best Super Fund for you, apply for it online yourself (this usually only takes a few minutes) and write down:

* The Super Fund name
* Your unique Super Fund identification code
* Your online password

… Or, one of our advisors can help you set up the fund *and* insurance all in one go!

**TAX STUFF**

## Do I have to lodge a Tax Return?

If you’ve earned any income at all during the financial year, yes, you must lodge a tax return.

## 2. How to lodge your first Tax Return

We would strongly suggest coming and chatting with us about your first tax return so that it is done right. We’re not scary (promise) and we’ll give you the information you’ll need to avoid penalties from the ATO (ain’t nobody got time for that).

A lot of school leavers complete their own Tax Returns on e-tax and keep increasing the numbers until their return amount is really big.

**This is not okay. And they will get caught.**

Maybe not today, maybe not tomorrow. But when the ATO finds out that they’ve been fudging the figures, they’ll face HUGE fines.

But not you, because you’re clever, Trevor (hopefully that’s your name).

If you still want to lodge your Tax Return on e-tax, even though we put our adult voice on - that’s cool too. But at least come and hang out with us so that we can show you how to lodge your Tax Return the correct way.

So, what will you need for your tax return?

* All Group Certificates for the Financial Year
* Records of any income (including online sales)
* Your expenses

**Hot tip:** *Keep receipts throughout your employment for tax time. This is often something that many school leavers forget to do. But we’re telling you now, it will pay off.*

*Keeping records for work related purchases will continue to be an important part of tax throughout your life, so doing this right from the beginning is going to make tax time less of an ‘eugh’ and more of a ‘wahoo!’*

*Your specific expenses will differ between industries so it’s important to talk to your Accountant about what you’re eligible to claim.*

1. How much do I need to earn before getting taxed?

You will be liable to pay tax when you earn more than $18200. Even if you do not earn this amount or above, you will need to complete a Tax Return.

## **HANDY STUFF**

## Handy Apps

[Australian Tax Office](https://www.ato.gov.au/General/Online-services/ATO-app/) - Complete tax and super tasks on the go

[Express Plus Centrelink](https://www.humanservices.gov.au/individuals/services/centrelink/express-plus-centrelink-mobile-apps) - Quickly complete Centrelink tasks

[Express Plus Medicare](https://www.humanservices.gov.au/individuals/services/medicare/express-plus-medicare-mobile-app) - Submit claims and update information

Congratulations!

Now you’re ready to conquer anything that your adult life throws at you (well, all of the tax, superannuation and job stuff)!

Feel free to get in touch with us to chat about any questions you may have when making any of these important decisions. We’re able to guide you through each of these steps one on one or complete them all for you. How easy is that?

We also welcome you to give us a buzz for your free 15 minute phone consultation with one of our expert advisors to answer any of your burning questions.

Happy jet setting off into the future,

DCG Accounting

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