

Finance facts: Starting a job

Starting a job

Many high school students enter the workforce from the age of 15 so they can earn money to spend on entertainment, and clothes and to meet their saving goals. In Australia, each State and Territory determines working conditions, including the age you can start working, so please check local laws.

Taking on a part-time job as a teenager builds independence and teaches responsibility. Besides earning money and developing financial independence, some of the benefits of having a job include improving mental health, learning to take initiative, functioning independently, and keeping commitments.

Once you've landed a job, there are a few things to know about getting paid and what is deducted from your pay.

What do you need to start a new job?

There are a few things to organise before you start your first job.

A bank account: You will need a bank account to receive your salary or wages.

A Tax File Number (TFN): A TFN is a unique number that you keep for life and is used in the tax and superannuation system. The TFN helps the Australian Tax Office (ATO) understand how much money you've earned for a financial year to calculate the correct amount of tax owed. Without it, the top rate of tax will be deducted from your pay. There are many things you can't do without a TFN, including applying for government benefits or lodging your tax return.

Superannuation Fund Account (Super): Superannuation is compulsory for Australian workers, to save for retirement. If you are under 18, you need to work more than 30 hours in a week to be entitled, which may occur during school holidays.

Your employer is required to pay 12% of your earnings into a Superannuation account, as an extra payment. For example, if your pay is \$450, your employer must pay \$54 ($\450×0.12) into your Superannuation account. This amount is not deducted from your pay.

Your employer may have a preferred Super fund, but you are entitled to choose your own fund. It is important to look for a fund that charges low fees, as fees can make a big difference to your balance when you retire. It is also important that you don't have multiple Super funds, as all will charge fees and reduce your balances. Opening

multiple Super accounts can happen when you change jobs. However, it is more likely you will keep the same Super fund that you started with—so ensuring that you have selected a fund with low fees is important.

The [Moneysmart website](#) has a lot of good information to help you understand what to look for when choosing a Super fund.

How much of my pay will be deducted in tax?

In Australia, tax is deducted from your pay depending on the amount you earn from your job per year. The more you earn, the more tax you pay.

Your employer will deduct tax from each pay and send it to the ATO on your behalf, this is known as Pay As You Go (PAYG).



The Tax Free Threshold

A certain amount of your income is tax free. You will not have to pay tax if the only income you receive is:

- less than \$350 per week or
- less than \$700 per fortnight or
- less than \$1,516 per month or
- less than \$18,200 per year.

When you start work with your new employer, you will have to complete a Tax File Number Declaration form. To claim the tax-free threshold, answer yes to question 9 on this form, otherwise your employer will deduct tax from your pay.

What happens if you earn more than \$18,200 per year?

Tax will be taken out of your pay each pay period. The rate of tax you pay depends on the bracket of income that you earn. People who earn a yearly income between \$18,201 and \$45,000 will pay 16 cents for every dollar they earn over \$18,201 up to \$45,000. This means they take home 84 cents of every dollar they earn above \$18,201 and up to \$45,000. Tax rates in Australia go as high as 45 cents per \$1 earned for people who receive salaries of over \$190,001.

If you have to pay tax, at the end of each financial year, you must lodge a tax return with the ATO. You can do it yourself through ATO online services or with the help of an accountant or tax agent.

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Gross and Net Pay

You may have heard of the terms "Gross" and "Net" pay. You will see these terms on your payslip. Gross is the amount of money you receive before tax is taken out, and net is what is left after tax is deducted.



Case study: Gross and net pay

Daniel decides to do some part-time work at Coles. He earns \$13.50 per hour and works 4 hours 3 nights a week and then 8 hours on Saturday and Sunday. Daniel works 28 hours per week at \$13.50 per hour, so his weekly income is \$378.00.

Daniel's annual pay is $\$378.00 \times 52 = \$19,656$ making his income above the tax-free threshold (\$18,200), so tax is deducted from his weekly wages.

The amount above the tax-free threshold is \$1,456, and the applicable tax rate of 16 cents means he will owe the ATO \$232.96 in tax at the end of the financial year ($\$1,456 \times 0.16$). His employer will withhold \$4.48 from his weekly pay to meet this obligation ($\$232.96 \div 52$).

Daniel's payslip will show a weekly gross income of \$378.00 and a weekly net income of \$373.52.

How much does my employer have to pay me?

Fair Work is an Australian government agency that provides information about rights at work.

How much you should get paid depends on the type of work you do and the type of industry you work in. The minimum wage an employer must pay is set by an award or enterprise agreement. These are documents that set out your work conditions and pay. Every industry/occupation has its own award or enterprise agreement. For example, a waiter in the hospitality industry is entitled to specific work conditions and pay that might differ from a retail worker. Young workers are often entitled to slight increases in hourly rates as they age.



Case study: Increase in hourly rate of pay

Farah is 16 years old and works part-time at a shop on Saturdays. Her job is covered by the General Retail Industry award, and she is classified as a "retail employee level 1". She is entitled to \$19.25 an hour but when she turns 17, her pay goes up to \$23.09 per hour.

When you start working, you should receive a contract of employment that sets out your wage, breaks, sick leave, and holiday leave. It should also set out the higher rates of pay you would receive (penalty rates) if you worked overtime, weekends and doing late or early shifts. If these rates are not in your contract of employment, you should check the award or enterprise agreement for your job or industry. You are also entitled to work breaks if you work over a certain number of hours.

Glossary

Award rates	set out the minimum wages and conditions an employee is entitled to.
Penalty rates	are higher rates of pay that some employees are entitled to if they work weekends, public holidays and late nights.
Superannuation fund	is money put aside by your employer over your working life for you to live on when you retire from work.
Tax free threshold	is the amount of money you can earn before paying tax.

Related Talk Money fact sheets

- Tax
- Superannuation
- Establishing your identity

Links

[Apply for a TFN](#)

[ATO Tax Brackets](#)

[Calculate the amount of tax you have to pay](#)

[Finding lost Super and consolidating Super accounts](#)

[If you are thinking of starting a job](#)

[Find out which award applies to the industry you work in](#)

[Find the minimum rates employers must pay juniors and click on the Pay and Conditions Tool](#)

About Talk Money with Ecstra Foundation:

Talk Money with Ecstra Foundation is designed to help Australian students learn money lessons for life, to be confident talking about money and to make informed financial decisions. We offer facilitator led workshops for Years 5-10 students and additional resources to reinforce learnings. The program is provided at no cost to schools, enabling more students across Australia to access financial education at key life stages.

About Ecstra: Ecstra Foundation is an independent charitable foundation committed to building the financial wellbeing of Australians within a fair financial system. Ecstra launched Talk Money in February 2022.



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