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2026 ANNUALISED SALARY COMPLIANCE AUDIT

Use this checklist to ensure your annualised salary arrangements comply with Australian workplace law.



Check award or agreement eligibility

You have documented which roles in your business fall under a Modern Award or enterprise agreement that permits an annualised wage arrangement.

Written agreement

You have provided each employee with a straightforward written annualised wage arrangement documenting:

- The annualised wage amount
- How it was calculated (components included)
- Which award entitlements are covered
- Maximum ordinary hours, penalty and overtime limits included in the annual wage

The agreement specifies the outer limits of ordinary hours and penalty rate hours covered by the annualised wage.

Time recording

You keep accurate records of hours worked, start/finish times, and unpaid breaks — even if paying a fixed annualised wage.

Your employees routinely acknowledge recorded hours.

Outer limits and extra hours

You pay an additional award rate if an employee's hours exceed the ordinary hours limits.

Pay-by-pay compliance

You have documented records to show each pay period meets award entitlements — not just across the year. **Recent federal court rulings confirm this requirement.**

Annual reconciliation

You conduct a yearly (or termination) reconciliation comparing the annualised wage paid versus the award entitlements owed.

You pay any shortfall within the next pay period.

Recordkeeping and documentation

You retain all records for at least 7 years.

The pay slips you provide to employees include the annual rate of pay where appropriate.

It may seem overwhelming, having to maintain compliance with annualised salary legislation on top of your other compliance requirements. Our advice? Prioritise recordkeeping and regular review of all employee salary arrangements.

The good news is you don't have to do this alone. ADP has teams worldwide dedicated to compliance, including Australian-based experts who can help your business stay ahead.



For more information on how ADP can help you stay compliant, visit:

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