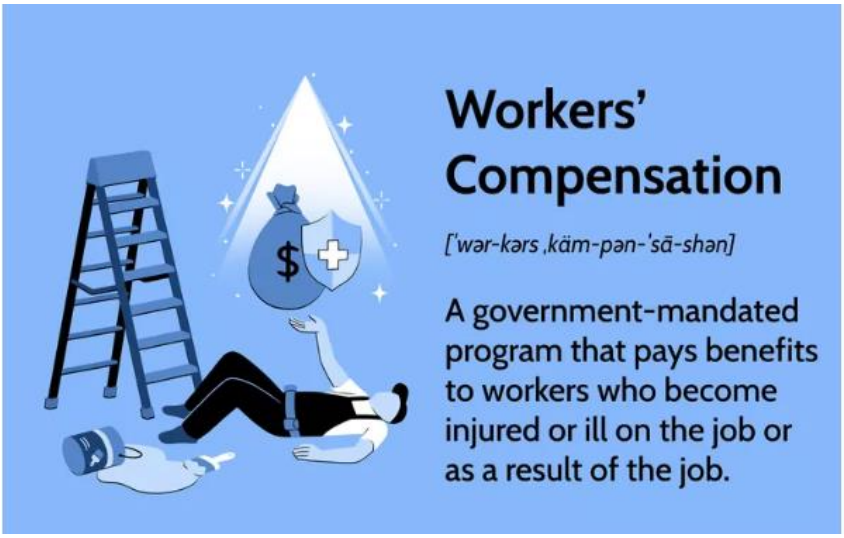
Workcover

Workers' compensation, commonly referred to as **"workers' comp,"** is a government-mandated program that **provides benefits to workers who become injured or ill on the job or as a result of the job.** It is effectively a disability insurance program for workers, providing cash benefits, healthcare benefits, or both to workers who suffer injury or illness as a direct result of their jobs.



The employer pays workers' compensation insurance premiums

There is no payroll deduction for Social Security benefits. The employer is required by law to pay workers' compensation benefits as established by individual state laws.

Workcover Insurance Calculation

The cost of the accident insurance policy will depend on several things:

- the amount your business pays in wages.
- your claims experience (the cost of any injury claims against your business)
- your industry.

The employer will pay premium **'provisionally'**, which means premium will be paid at the start of the financial year, and the insurer **will adjust it at the end of the year, if needed.**

The respective state government bodies will calculate the work cover insurance premiums based on several factors.

The cost of workers' compensation varies by state. Also, different rates depend on whether the employees covered are performing low-risk or high-risk jobs.

New Policy

To work out the premium need to be paid by the employer, the insurer will simply ask the employer to declare the estimated wages for the current financial year.

Renewing an existing policy

To renew the policy, the insurer needs to know:

- the actual wages for the previous financial year
- the estimated wages for the current financial year.

How can workers' compensation help employees?

Workers' compensation offers **financial support to employees to focus on getting better without having to worry about treatment costs**. It also provides **rehabilitation services** to ensure that they have a safe, durable, and timely return to work.

Depending on the employee's injury or illness, workers' compensation may:

- Cover some of the wages while he/she recovers away from work.
- Cover medical and hospital costs, as well as other rehabilitation treatments.
- Pay a lump sum if he/she receives a permanent impairment.
- Pay funeral expenses, periodic payments for dependents and lump sum compensation to support his/her family, if are tragically killed at work.

Workers' compensation also offers a range of other types of support such as education and training, domestic assistance, and access to networks of medical specialists and rehabilitation providers.

Workcover Reconciliation

- To reconcile work cover insurance, we must have a couple of documents i.e., **Insurance Premium Invoice and Workcover adjustment note.**
- The Workcover Premium will be paid either Yearly or on an installment basis. We must check the GST/GST Free Portion with the work cover insurance Premium invoice.
  Below is the **Insurance Premium Invoice** which has the premium calculated based on the wages estimated or wages of previous year provided by the employer when they start/renew the policy.

This remuneration has been used to calculate the premium payment for the 2022-23 financial year as:

Premium	$151,209.00
GST	$15,120.90
WHS*	$4,536.45
Amount payable	**$170,866.35**

* Not subject to GST

Your total **Amount payable** is due by **07/10/2022** OR you may choose to pay by instalments as set out below:

Instalment plan

Due by	Statutory Payment	GST	WHS*	Total instalment
07/10/2022	$16,801.00	$1,680.10	$504.05	$18,985.15
07/11/2022	$16,801.00	$1,680.10	$504.05	$18,985.15
07/12/2022	$16,801.00	$1,680.10	$504.05	$18,985.15
07/01/2023	$16,801.00	$1,680.10	$504.05	$18,985.15
07/02/2023	$16,801.00	$1,680.10	$504.05	$18,985.15
07/03/2023	$16,801.00	$1,680.10	$504.05	$18,985.15
07/04/2023	$16,801.00	$1,680.10	$504.05	$18,985.15
07/05/2023	$16,801.00	$1,680.10	$504.05	$18,985.15
07/06/2023	$16,801.00	$1,680.10	$504.05	$18,985.15

- There may be workcover adjustments at the end of the year due to wage increases or decreases (E.g. New hiring of employees.,).
- At the end of the Year, the insurer will provide **Workcover Adjustment note (as below)** to the employer.
- In the Adjustment note, there will be a Premium payment which is the initial premium paid at the start of the year (calculated based on Estimated wages) and Adjusted Payment at the year-end (calculated as per the actual wages).
- The difference between Premium payment & Adjusted Payment will be the Net Adjustment amount we need to record in the books as either Payable or Receivable.

As a result an additional amount of $4,001.15 is payable by 05/10/2023.

The following table is provided for taxation purposes only.

	Premium payment	Adjusted payment	Adjustment amount
Statutory payment	$151,209.00	$154,750.00	$3,541.00
GST	$15,120.90	$15,475.00	$354.10
WHS*	$4,536.45	$4,642.50	$106.05
Total	$170,866.35	$174,867.50	$4,001.15

*Not subject to GST

Journal to be recorded in the books for the payable (in the above example):

Workcover Expense Dr $3,647.05
GST on Accruals Dr $354.10
Workcover Payable Cr $4,001.15