

Wages definition manual

This manual will help you **correctly declare** your actual and estimate wages to **ensure you have the right level of cover** and **pay the correct premium**.

Employer resource



Wages definition manual

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Introduction

Your accident insurance policy, which covers your business for the cost of any work-related injuries to your workers, is renewed yearly. To maintain your cover, you need to declare your wages information between 1 July – 31 August each year.

WorkCover Queensland ('WorkCover') calculates your premium based on the actual wages paid during the last financial year, and the estimated wages you expect to pay in the current financial year.

This manual will help you correctly declare your actual and estimate wages to ensure you have the right level of cover and pay the correct premium.

It also provides guidance for applying the relevant provisions of the *Workers' Compensation and Rehabilitation Act 2003* ('the Act') and the *Workers' Compensation and Rehabilitation Regulation 2025* ('the Regulation').

This document does not change the general meaning of the term 'wages' or modify any legal obligations under the Act or the Regulation.

Reviews and queries

Parts of the manual may be varied or expanded by the application of Common Law or Statute Law, and it is the intention of WorkCover to issue appropriate amendments to the manual as and when required.

Definitions

Wages are only assessable if paid to 'workers' by their 'employers', as defined by the Act. The relevant legislative references, including the provisions containing key definitions, are outlined below.

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Legislative references

<i>Workers' Compensation and Rehabilitation Act 2003</i>		Link
Section 11 Who is an 'worker'	Schedule 2, Part 1 – Persons who are workers	
Section 30 Who is an 'employer'	Schedule 2, Part 2 – Persons who are not workers	
Section 66 Employer's liability for excess period	Schedule 2, Part 3 – Who is an employer in particular circumstances	
Schedule 6 – Dictionary – definition of 'wages'		

<i>Workers' Compensation and Rehabilitation Regulation 2025</i>	Link
Section 9 – Value of board and lodging	

To help employers declare the correct level of assessable wages when they renew their policy (between 1 July – 30 September), WorkCover provides guidance when you [renew online](#), or a [declaration of wages working sheet](#) if not renewing through the online system.

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Key wage items

This manual steps employers through the following key wage items in great details.



Included in assessment

- a) Total of all PAYG gross salary and wage payments
- b) All superannuation payments including super salary sacrifice
- c) Fringe benefits and other entitlements having a monetary value
- d) Total of all individual contractor payments for deemed workers



Excluded from assessment

- e) Any allowances or expenses reimbursed for work-related expense included in (a)
- f) Lump sum termination payments included in gross wages (a)
- g) Excess period payments
- h) Compensation payments reimbursed by WorkCover
- i) All payments made to, or in respect of, Directors / Trustees / Partners



Apprentice discount

- j) Wages paid to apprentices



Other payments

- k) Workforce Retention Bonus Grant top-up payments
- l) Back payments
- m) Payments to household workers

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Included in assessment

a) Total of all PAYG gross salary and wage payments

PAYG gross salary and wages

To be declared as wages. The amount declared should be the actual amount paid — accruals or provisions are not assessable.

Cost of Living Adjustment (COLA)

To be declared as wages, as it's paid under a certified agreement or other industrial instrument.

Overtime payments

To be declared as wages.

Commission payments

To be declared as wages.

Allowances

Allowances paid under an award or industrial instrument as compensation or remuneration for work performed, and do not represent a reimbursement of work-related/incidental expenses, must be declared as wages.

The following list of assessable allowances is not exhaustive, and other allowances will need to be considered based on the individual circumstances.

Assessable allowances

- First aid allowance
- Higher duties allowance
- Instructors allowance
- Overtime allowance
- Penalty rates
- Qualification allowance
- Representation allowance
- Site or height allowance
- Skill allowance
- Stand by or on call allowance
- Travelling time payment

- Construction allowance
- Dirt money
- Shift allowance.

Stipend

The value of stipends paid to a worker is to be declared as wages. Generally, a stipend is a fixed regular payment, paid as a salary or allowance.

Where the stipend is paid to a PHD/HDR student, and the student is deemed not to be a 'worker', then the value of the stipend is not assessable as wages.

Bonuses and incentive schemes

The value of any bonus or monetary incentive provided to a worker (or their family) by an employer in return for work performed (or as an incentive to work) is to be declared as wages.

Leave payments

Most leave payments made to workers are to be declared as wages. The table below details the most common leave types and their status for assessment:

Annual leave and leave loading

All annual leave payments and leave loading are to be declared as wages.

Unused annual leave and leave loading that is paid out as a lump sum upon an employee's termination of employment is not to be declared as wages.

Sick leave and carer's leave

To be declared as wages.

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Included in assessment continued

Portable long service leave

Portable long service leave providers, such as Q-Leave and Coal Mining Industry (Long Service Leave) Corporation, administer and pay long service leave for industry workers.

Where an employer pays (instead of the provider) long service leave, this amount is to be declared as wages.

However, if the employer claims reimbursement from the provider, the amount reimbursed by the provider can be deducted.

Maternity leave

Employer-paid maternity leave is to be declared as wages.

Payments made under the Federal Government funded Paid Parental Leave (PPL) scheme are not to be declared.

Paternity leave

Employer-paid paternity leave is to be declared as wages.

Payments made under the Federal Government funded 'Dad and Partner Pay' scheme are not to be declared.

Jury duty / service leave

An employer is required by law to continue to pay their workers their usual wage while they are on leave attending jury duty – these payments are to be declared as wages.

Australian Defence Reserve Forces leave

Payments made by an employer to a worker who is a member of the Australian Defence Reserve Forces while they are on leave to attend training and deployment purposes are to be declared as wages.

Government subsidies

Employers are still required to declare 'wages' as defined in the Act that they pay to their employees regardless of any subsidy they may receive, whether this is in the form of reimbursement, credit, grant or other subsidy.

An example is wage reimbursements under a government training scheme.

Wages payments by an employer to a worker represent wages having a monetary value and are paid in return for the performance of work. The fact that an employer can claim a subsidy for the wages does not change their nature.

It is important to note that the full wage will need to be declared, not the difference between what the employer receives as a subsidy and the wages they pay to their employee.

This includes worker retention payments paid to employees by way of wage increase or other earnings.

Example

From 7 October 2025, an employer received a hiring credit for Michelle who is a new employee. Michelle is 26 so the employer receives \$200.00 per week.

The employer pays Michelle her wage of \$400.00 per week. The employer is required to declare \$400.00 as this is considered wages under the Act.

There may be limited circumstances where an amount paid to a worker can be excluded if the amount is not paid for the performance of work. Refer to the relevant sections under Other Payments for further information.

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Included in assessment continued

Profit-sharing schemes

A profit-sharing scheme describes an arrangement whereby the people who work for a business receive payments as a direct share of profits.

If the payments made under this scheme are connected to the performance of work, (i.e., are compensatory or remuneration in nature in return for employment services rendered), those payments are to be declared as wages.

This could include dividends, trust distributions and bonus payments, depending on the circumstances.

Share of catch

Payments made to a crew member of a fishing vessel on a per item basis or set dollar (\$) amount per kilo are to be declared as wages.

If a crew member of a fishing vessel receives a share of the gross earning/share of the catch, this amount is not to be declared as wages as they are not considered to be a 'worker'.

For more information on determining if your crew members are 'workers', please visit the ['Who should I cover?' page](#) on our website.

b) All superannuation payments including super salary sacrifice

All superannuation contributions made by an employer on behalf of a worker are to be declared as wages.

This includes payments made under the Compulsory Superannuation Guarantee Levy, payments an employer makes in addition to this amount and payments made via a salary sacrifice arrangement.

This also includes amounts relating to a shortfall in superannuation imposed by the ATO as part of a Superannuation Guarantee Charge (SGC) that a worker is ordinarily entitled to.

Amounts for administration, interest or other charges imposed as part of a SGC are not assessable as the amounts are not remuneration payable in relation to work performed.

c) Fringe benefits and other entitlements having a monetary value

Fringe benefits

Fringe benefits are items paid by an employer on behalf of or for the benefit of employees or their families and include motor vehicles, loan benefits, debt waivers, housing, expense payments, school fees, car parking, payment of health benefits etc.

The Australian Taxation Office ('ATO') recognises these payments are a form of remuneration paid to the employee. Accordingly, the employer is required to declare all benefits provided and pay Fringe Benefits Tax ('FBT') on them.

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Included in assessment continued

Declarable wages must include fringe benefits as defined in the Fringe Benefits Tax Assessment Act 1986 (Cwlth) ('The FBT Act').

Employers should calculate assessable fringe benefits by adding together the taxable value of Queensland type 1 and type 2 fringe benefits.

Effective 1 July 2017, the lower gross-up rate for type 2 benefits is then applied to this amount. (The gross-up rates can be obtained from the ATO website). The result is to be declared as wages.

Public benevolent institutions, charities and not-for-profit may be eligible for fringe benefit exemptions for taxation purposes, however there is still a requirement to declare the value of benefits provided to workers when determining assessable wages for WorkCover.

Under the circumstances that an employer has an exemption on fringe benefit tax, the employer would still be required to declare the pre-grossed up taxable value of the fringe benefit being provided – this would also include benefits provided through salary sacrifice.

Salary sacrifice arrangements

A salary sacrifice arrangement is an arrangement between the employer and the employee, where the employee receives non-cash benefits in return for agreeing to forego part of their future entitlement to salary or wages of a similar value.

All components of a salary package (which includes any incidental FBT component costed into the package) are to be declared as wages. This issue is illustrated via example 1 below.

Example

An employee's total remuneration package is \$100,000 and they choose to salary sacrifice \$20,000 — a portion of the package, for a car.

The portion salary sacrificed includes the full cost of providing and maintaining the car which includes insurance, fuel and FBT.

In this instance, the total remuneration package of \$100,000 (which includes the portion salary sacrificed of \$20,000) is to be declared as wages.

This is because if the employee didn't choose to salary sacrifice, they would be paid \$100,000 as wages.

Example

Where there is no specific salary sacrifice arrangement in place, but motor vehicles are provided for private use by workers (i.e., home garaging or private use during the week, weekends and/or holidays), the taxable value of the fringe benefit 'grossed-up' at the type 2 (i.e., lower) gross-up rate is to be declared.

The relevant gross-up rates are detailed on the ATO website.

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Included in assessment continued

Employer share schemes

Where an employer issues shares, or issues shares at a discount to market value, under an employee share scheme in the employers' company or a related company, the value of the benefit generally is to be declared as wages (broadly equal to the value of the shares issued or the value of the discount provided).

Board and lodging

Where an employer provides board and lodging to a worker as opposed to travelling, a value as prescribed by Section 9 of the Regulation is to be declared as wages.

Lodging can be defined as staying in premises provided by the employer, for example, single men's quarters or barracks. It is irrelevant whether the board and lodging is provided on a temporary or permanent basis.

Car leases

Where a vehicle is purchased or leased in the name of the worker but paid for by the employer, the cost of providing the vehicle is to be declared as wages. Fringe benefits may also apply if the vehicle is made available for any private use by the employee, as outlined above.

Company house

The current market rental value of housing provided to staff, less any rental paid by the worker, is to be declared as wages. The current market value is equal to the rent paid if the property is rented by the company from a third party (e.g., real estate agent).

Gifts and non-cash bonuses

Gifts and non-cash bonuses given to all employees are considered benefits having a monetary value. If the gifts are in recognition of work done or a service provided, they are to be declared as wages.

Income protection insurance payments

Payments for income protection insurance are benefits having a monetary value. Income protection insurance payments made on behalf of workers — for example, Construction Income Protection Queensland (CIPQ) payments, are to be declared as wages.

Payments made under Building Employees Redundancy Trust (BERT) and Building Employees Welfare Trust (BEWT) are benefits for workers when they are no longer employees of the organisation.

As such, these payments are not to be declared.

d) Total of all individual contractor payments for deemed workers

Sole traders/individual contractors can be deemed as workers for workers' compensation purposes even if they have their own Australian Business Number (ABN) or registered business name.

This may apply to labourers, tradespersons, cleaners, gardeners, etc. that you engage to perform work for your business. For more information on determining if your contractors are workers, please visit the ['Who should I cover?'](#) page on our website.

Where payments to a contractor (deemed 'worker') are a total payment inclusive of consumables, materials or other incidentals, the total amount is to be declared as wages. Where the contract/invoice clearly identifies and itemises these separately, then only the labour expenses are to be declared.

Where a contractor is registered for GST, only the GST exclusive amount is to be declared.

Excluded in assessment

e) Any allowances or expenses reimbursed for work-related expenses included in a)

Allowances

There are a number of allowances that can be excluded from the wages that have to be declared to WorkCover including travelling, car, relocation, education, living in the country or away from home, entertainment, clothing, tools and vehicle expenses.

These allowances are only excluded when they represent an amount paid by an employer to reimburse the worker for work-related expenses.

The allowance does not have to match exactly with the expense incurred for it to be excluded.

For example, an employer may pay \$20 a week travel allowance to workers who travel to various work sites each week.

In this case, it is reasonable to assume that the workers would incur an expense similar to this value in travelling between the various work sites, without requesting supporting documentation.

The following list of non-assessable allowances is not exhaustive, and other allowances will need to be considered based on the individual circumstances.

If the allowance represents a reimbursement of a work-related/incidental expense it is NOT assessable.

Otherwise, assessable as compensatory/remuneration.

- Living in the country or away from home allowance
- Locality allowance
- Isolation allowance
- Entertainment allowance
- Education allowance
- Relocation allowance
- Travel reimbursement allowance
- Clothing allowance
- Footwear allowance
- Motor vehicle allowance
- Laundry allowance
- Meal allowance
- Tool allowance
- Dry cleaning.

f) Lump sum termination payments included in gross wages a)

Lump sum payments made on termination of employment for unused leave and leave loading, redundancy payments and ex-gratia payments are not to be declared as wages.

Any lump sum payments of the above not paid as part of a termination are to be declared.

g) Excess period payments

Payments made to injured workers as part of the claims excess period (section 66 of the Act) are not to be declared as wages.

The excess amount is calculated as the lesser of:

- 100% of Queensland Ordinary Times Earnings ('QOTE') or
- the injured worker's weekly compensation rate.

Excluded in assessment continued

h) Compensation payments reimbursed by WorkCover

Under section 109 of the Act, WorkCover must pay the benefits to injured workers.

If an employer pays weekly benefit payments (wages) to the injured worker, and is reimbursed by WorkCover, these payments are considered to be compensation payments and are not to be declared as wages.

If the employer pays the injured worker any monies above and beyond their entitlement paid by WorkCover, then this amount is to be declared as wages.

i) All payments made to, or in respect of, Directors / Trustees / Partners

Under Schedule 2, Part 2 of the Act a person is not a 'worker' if they perform work under a contract of service with:

- a corporation of which the person is a director; or
- a trust of which the person is a trustee; or
- a partnership of which the person is a member.

Therefore, they are not covered and any payments made to Directors, Trustees and Partners are not to be declared as wages, even if the person is actively working for the business.

If the trustee of a trust is a company, the Director/s of this company are not 'workers'. Payments include wages, superannuation, fringe benefits or any other entitlement having a monetary value.

Payments to shareholders and beneficiaries (who are not trustees) are to be declared as wages if the payments are made in connection with work performed.



Apprentice discount

(j) Wages paid to apprentices

Wages paid to apprentices during the course of their apprenticeship are not included in the premium calculation — resulting in a discounted premium for those who employ apprentices.

To be regarded as an apprentice for workers' compensation purposes, the worker must sign a training contract with their employer to undertake an apprenticeship declared under the Further Education and Training Act 2014. This discount does not apply to trainees.

To take advantage of this discount, employers need to declare their wages online or call us on **1300 927 928** by 31 August.

When declaring wages, employers need to declare all wages paid to workers (including apprentices) in the previous financial year and estimated wages for the current financial year.

WorkCover will then deduct the amount of wages declared for apprentices from their premium calculation.

Note, any wages paid to apprentices before or after the apprenticeship and for the roles or duties other than those specified in the training contract will not qualify for an apprentice discount.



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Other payments

(k) Workforce Retention Bonus Grant top-up payments

Workforce Retention Bonus Grant top-up payments are not wages that should be declared. Employers will need to distinguish the payments they make to their employees between:

- 'wages' as defined in the Act; and
- top-up payments made so that the employees are eligible employees for the purpose of the Workforce Retention Bonus Grant.

These are payments made to employees as a one-off bonus for being employed.

For example, the Aged Care Workforce Retention Bonus Grant paid during COVID-19.

Other retention payments paid by way of wages may be assessable. Refer to '[Government subsidies](#)' in this manual for further information.

(l) Back payments

Back payments will be assessable or not based on the nature of the payment. Refer to the relevant section of the wages definition manual.

For example, wages are ordinarily assessable so back payment of wages will need to be declared.

Where the amount is assessable, it is to be declared in the financial year it is paid even if it relates to a prior period.

(m) Payments to household workers

A household worker is a person employed solely in and about, or in connection with, a private dwelling house, or the grounds of the dwelling house.

If you employ workers in your business and your home, your household worker/s may be covered by your accident insurance policy.

If your policy covers a household worker, payments you make to your household worker/s do not need to be declared as wages on your policy.