



## Employee authorised deductions

### What has changed?

The *Fair Work Legislation Amendment (Protecting Worker Entitlements) Act 2023* provides greater clarity and flexibility and additional safeguards for employee authorised deductions.

#### Deductions for the employee's benefit

The amendments allow employees to authorise their employers to make salary deductions that are recurring and are for amounts that vary from time to time. These deductions will only be allowed if they are principally for the employee's benefit. This amendment eases the administrative burden on employees and employers. Previous provisions did not allow for varying deductions and required a new written authorisation each time the deduction amount changes.

The changes provide greater flexibility for employers and employees to manage deductions. Offering variable deductions and authorising them remains optional for **both** employers and employees. Employees may continue to authorise deductions for specified amounts only.

The amendments protect employees by requiring any written authorisation for a deduction to include any information prescribed by the regulations. Varying deductions are prohibited if the deduction directly or indirectly benefits the employer or a party related to the employer, with limited exceptions. Employees can also specify an upper limit when authorising a deduction that may vary from time to time.

A new written authorisation will only be required to vary the amount of an existing deduction where the initial authorisation specifies the amount of the deduction. Existing deduction arrangements may continue if they meet the requirements of the amendments.

### What do these changes mean?

The amendments clarify the circumstances in which employees can validly authorise salary deductions. The changes provide increased certainty for employers and employees as to when a new written authorisation is required for deductions to continue. These provisions also empower employees and employers to make agreements about deductions which are principally for the employee's benefit.

The amendments also recognise the validity of existing authorisations that comply with the provisions (for example, that specifically authorise employers to deduct amounts that vary from time to time). Unless they

are withdrawn, these authorisations will continue to operate as though they were validly made. This respects the employees' ability to choose to authorise deductions that are principally for their benefit.

## **When will these changes come into effect?**

The amendments commence on 30 December 2023.

For more information on the Protecting Worker Entitlements package visit:

[www.dewr.gov.au/protecting-worker-entitlements](http://www.dewr.gov.au/protecting-worker-entitlements)