Parliament of Australia
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Payroll Tax (Territories) Assessment Amendment Bill 1976

Date introduced: 4 November 1976
House: House of Representatives
Presented by: The Treasurer (Hon P.R. Lynch)

Short Digest of Bill

Purpose
The purpose of this Bill is to raise the general level of exemption from Commonwealth pay-roll tax in respect of wages paid in the Australian Capital Territory and Northern Territory to bring it into line with the level of exemption from N.S.W. pay-roll tax as from 1 January 1977. This will ensure consistency of treatment between employers in the A.C.T. and N.S.W., so that pay-roll tax considerations will not influence their choice of location between the two areas.

Pay-roll Tax Arrangements
The Commonwealth Government only imposes pay-roll tax on employers paying wages in the A.C.T. and N.T.

At present an employer is entitled to a deduction by way of a general exemption of $20,800 on an annual basis or $1,733.33 per month from wages paid by him when determining the amount on which Commonwealth pay-roll tax rates are applied.

In his 1976–77 Budget Speech the Treasurer announced that the level of exemption from pay-roll tax in the A.C.T. and N.T. would be increased to the level recently adopted by the States. However, since that announcement the States have raised their pay-roll exemptions. Therefore the Commonwealth now proposes to further increase the general exemption from pay-roll tax into line with the level which will apply in N.S.W. as from 1 January 1977.

Provisions of the Bill
This Bill is to amend the Payroll Tax (Territories) Assessment Act 1971. It seeks to increase the general level of exemption from pay-roll tax in respect of wages paid in the A.C.T. and N.T. from $20,800 to $48,000 per annum. It also proposes that this exemption be phased out by $2 for every $3 by which the annual pay-roll of an employer exceeds $48,000. Consequently no general exemption will be available where the annual pay-roll exceeds $120,000.

In respect of monthly returns, the deduction of $1,733.33 at present allowable is to be replaced by a deduction of $4,000 less $2 for every $3 by which the monthly pay-roll exceeds $4,000 (sub-clauses 4(1)(a) and 4(1)(b)). As a result, no deduction will be allowable where the monthly wages exceed $10,000.

A number of amendments to the provisions of the Principal Act relating to the general exemption and the refund or rebate of pay-roll tax on an annual adjustment are necessary to give effect to the main proposals.

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Warning:
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Because of the introduction of the phasing out provisions for the general exemption, new provisions are necessary for employers who, in their monthly returns have not paid enough tax on an annual basis (clause 6). For example, an employer with an expanding operation who pays $120,000 in wages during a financial year is not eligible for any exemption from tax. However, if in any particular monthly return his wages amount to less than $10,000, he would receive an exemption. Consequently, such an employer will be required to make up the difference.

The Bill also proposes that an employer who pays wages of $900 or less per week, will not have to register with the Commissioner of Taxation for pay-roll tax purposes as from 1 January 1977 (clause 7). Liability to register at present attaches where the weekly wage bill exceeds $400.

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