

I certify that this is a copy of the authorised version of this Act as at 1 April 2020, and that it incorporates all amendments, if any, made before and in force as at that date and any reprint changes made under any Act, in force before the commencement of the *Legislation Publication Act 1996*, authorising the reprint of Acts and statutory rules or permitted under the *Legislation Publication Act 1996* and made before 1 April 2020.

K Woodward
Chief Parliamentary Counsel
Dated 5 May 2020



TASMANIA

PAYROLL TAX ACT 2008

No. 16 of 2008

CONTENTS

PART 1 – PRELIMINARY

1. Short title
2. Commencement
3. Definitions
4. *Taxation Administration Act 1997*
5. Act binds the Crown

PART 2 – IMPOSITION OF PAYROLL TAX

Division 1 – Imposition of tax

6. Imposition of payroll tax
7. Who is liable for payroll tax
8. Amount of payroll tax
9. When must payroll tax be paid

Division 2 – Taxable wages

- 10. What are taxable wages?
- 11. Wages that are taxable in this jurisdiction
- 11A. Jurisdiction in which employee is based
- 11B. Jurisdiction in which employer is based
- 11C. Place and date of payment of wages

Division 3 – Other

- 12. Payroll tax paid under corresponding applied law

PART 3 – WAGES

Division 1 – General concept of wages

- 13. What are wages?

Division 2 – Fringe benefits

- 14. Wages include fringe benefits
- 15. Value of wages comprising fringe benefits
- 16. Employer election regarding taxable value of fringe benefits

Division 3 – Superannuation contributions

- 17. Wages include superannuation contributions

Division 4 – Shares and options

- 18. Inclusion of grant of shares and options as wages
- 19. Choice of relevant day
- 20. Deemed choice of relevant day in special cases
- 21. Effect of rescission, cancellation of share or option
- 22. Grant of share pursuant to exercise of option
- 23. Value of shares and options
- 24. Inclusion of shares and options granted to directors as wages
- [25. *Repealed*]
- 26. Place where wages are payable

Division 5 – Termination payments

- 27. Definitions
- 28. Termination payments

Division 6 – Allowances

- 29. Motor vehicle allowances
- 30. Accommodation allowances

Division 7 – Contractor provisions

- 31. Definitions
- 32. What is a relevant contract?
- 33. Persons taken to be employers
- 34. Persons taken to be employees
- 35. Amounts under relevant contracts taken to be wages
- 36. Liability provisions

Division 8 – Employment agents

- 37. Definitions
- 38. Persons taken to be employers
- 39. Persons taken to be employees
- 40. Amounts taken to be wages
- 41. Liability provisions
- 42. Agreement to reduce or avoid liability to payroll tax

Division 9 – Other

- 43. Value of wages paid in kind
- 44. GST excluded from wages
- 45. Wages paid by group employers
- 46. Wages paid by or to third parties
- 47. Agreement etc. to reduce or avoid liability to payroll tax

PART 4 – EXEMPTIONS

Division 1 – Non-profit organisations

- 48. Non-profit organisations

Division 2 – Education and training

- 49. Schools and educational services and training
- 50. Community Development Employment Project

Division 3 – Health care service providers

- 51. Health care service providers
- 52. Division not to limit other exemptions

Division 4 – Maternity and adoption leave

- 53. Maternity and adoption leave
- 54. Administrative requirements for exemption

Division 5 – Volunteer firefighters and emergency service volunteers

- 55. Volunteer firefighters
- 56. Emergency service volunteers
- 57. Limitation of exemption

Division 6 – Local government

- 58. Local and county councils
- 59. Local government business entities
- 60. Limitation on local government exemptions

Division 7 – Other government and defence

- 61. State Governors
- 62. Defence personnel
- 63. War Graves Commission

Division 8 – Foreign government representatives and international agencies

- 64. Consular and non-diplomatic representatives
- 65. Trade Commissioners
- 66. Australian-American Fulbright Commission

Division 9 – Services outside Australia

- 66A. Wages paid or payable for or in relation to services performed in other countries

PART 5 – GROUPING OF EMPLOYERS

Division 1 – Interpretation

- 67. Definitions
- 68. Grouping provisions to operate independently

Division 2 – Business groups

- 69. Constitution of groups

- 70. Groups of corporations
- 71. Groups arising from the use of common employees
- 72. Groups of commonly controlled businesses
- 73. Groups arising from tracing of interests in corporations
- 74. Smaller groups subsumed by larger groups

Division 3 – Business groups – tracing of interests in corporations

- 75. Application
- 76. Direct interest
- 77. Indirect interest
- 78. Aggregation of interests

Division 4 – Miscellaneous

- 79. Exclusion of persons from groups
- 80. Designated group employers
- 81. Joint and several liability

PART 6 – ADJUSTMENTS OF TAX

- 82. Determination of correct amount of payroll tax
- 83. Annual adjustment of payroll tax
- 84. Adjustment of payroll tax when employer changes circumstances
- 85. Special provision where wages fluctuate

PART 7 – REGISTRATION AND RETURNS

- 86. Registration
- 87. Returns

PART 8 – COLLECTION AND RECOVERY OF TAX

Division 1 – Agents and trustees generally

- 88. Application
- 89. Agents and trustees are answerable
- 90. Returns by agent or trustee
- 91. Liability to pay tax
- 92. Indemnity for agent or trustee

Division 2 – Special cases

- 93. Tax not paid during lifetime
- 94. Payment of tax by executors or administrators
- 95. Assessment if no probate within 6 months of death
- 96. Person in receipt or control of money for absentee
- 97. Agent for absentee principal winding-up business
- 98. Recovery of tax paid on behalf of another person
- 99. Liquidator to give notice

PART 9 – GENERAL

- 100. Provisions specific to this jurisdiction
- 101. Regulations
- 102. Nature of proceedings for offences
- 103. Administration of Act
- 104. Savings, transitional and other provisions
- 105.
- 106. Legislation repealed
- 107. Legislation rescinded

SCHEDULE 1 – CALCULATION OF PAYROLL TAX LIABILITY FOR FINANCIAL YEAR COMMENCING 1 JULY 2008 AND SUBSEQUENT FINANCIAL YEARS

SCHEDULE 2 – TASMANIA-SPECIFIC PROVISIONS

SCHEDULE 3 – SAVINGS, TRANSITIONAL AND OTHER PROVISIONS

SCHEDULE 4 –

SCHEDULE 5 – LEGISLATION REPEALED

SCHEDULE 6 – LEGISLATION RESCINDED



PAYROLL TAX ACT 2008

No. 16 of 2008

An Act to provide for a tax on employers in respect of certain wages, to harmonise payroll tax law with New South Wales and Victoria, to repeal the *Pay-roll Tax Act 1971*, and for other purposes

[Royal Assent 26 June 2008]

Be it enacted by His Excellency the Governor of Tasmania, by and with the advice and consent of the Legislative Council and House of Assembly, in Parliament assembled, as follows:

PART 1 – PRELIMINARY

1. Short title

This Act may be cited as the *Payroll Tax Act 2008*.

Payroll Tax Act 2008
Act No. 16 of 2008

s. 2

Part 1 – Preliminary

2. Commencement

- (1) Except as provided in this section, this Act commences on 1 July 2008 but, if it does not receive the Royal Assent on or before that day, it is taken to have commenced on that day.
- (2) Part 4 of Schedule 2 is taken to have commenced on 1 July 2003.

3. Definitions

- (1) In this Act –

ABN means the ABN (Australian Business Number) for an entity within the meaning of the *A New Tax System (Australian Business Number) Act 1999* of the Commonwealth;

agent includes –

- (a) a person who, in this jurisdiction, for or on behalf of another person outside this jurisdiction, holds or has the management or control of the business of that other person; and
- (b) a person who, by an order of the Commissioner, is declared to be an agent or the sole agent for any other person for the purposes of this Act and on whom notice of that order has been served;

Payroll Tax Act 2008
Act No. 16 of 2008

Part 1 – Preliminary

s. 3

Australia means the States of the Commonwealth and the Territories;

Australian jurisdiction means a State or a Territory;

coastal waters of the State has the same meaning as “coastal waters” in the *Coastal and Other Waters (Application of State Laws) Act 1982*;

Commissioner means the Commissioner of State Revenue appointed as such under the *Taxation Administration Act 1997*;

company includes all bodies and associations (corporate and unincorporate) and partnerships;

corporation has the same meaning as in section 9 of the *Corporations Act 2001* of the Commonwealth;

corresponding law means a law in force in another State or a Territory relating to the imposition upon employers of a tax on wages paid or payable by them and the assessment and collection of that tax;

designated group employer means a member designated for a group in accordance with section 80;

director of a company includes a member of the governing body of the company;

Payroll Tax Act 2008
Act No. 16 of 2008

s. 3

Part 1 – Preliminary

employer means a person who pays or is liable to pay wages and includes –

- (a) the Crown in any of its capacities; and
- (b) a person taken to be an employer by or under this Act; and
- (c) a public, local or municipal body or authority constituted under the law of the Commonwealth or of a State or Territory unless –

being an authority constituted under the law of the Commonwealth, it is immune from the operation of this Act;

employment agency contract has the meaning given in section 37;

employment agent has the meaning given in section 37;

exempt wages mean wages that are declared by or under this Act to be exempt wages;

exercise a function includes perform a duty;

FBTA Act means the *Fringe Benefits Tax Assessment Act 1986* of the Commonwealth;

financial year means each year commencing on 1 July;

fringe benefit has the same meaning as in the FBTA Act but does not include –

Payroll Tax Act 2008
Act No. 16 of 2008

Part 1 – Preliminary

s. 3

- (a) a tax-exempt body entertainment fringe benefit within the meaning of that Act; or
- (b) anything that is prescribed by the regulations under this Act not to be a fringe benefit for the purposes of this definition;

function includes a power, authority or duty;

group has the meaning given in section 67;

GST has the same meaning as it has in the *New Tax System (Goods and Services Tax) Act 1999* of the Commonwealth except that it includes notional GST of the kind for which payments may be made under Part 3 of the *National Taxation Reform (Commonwealth-State Relations) Act 1999* by a person that is a State entity within the meaning of that Act;

instrument includes a cheque, bill of exchange, promissory note, money order and postal order issued by a post office;

interstate wages means wages that are taxable wages within the meaning of a corresponding law;

ITAA means the *Income Tax Assessment Act 1997* of the Commonwealth;

liquidator means the person who, whether or not appointed as liquidator, is the person

Payroll Tax Act 2008
Act No. 16 of 2008

s. 3

Part 1 – Preliminary

required by law to carry out the winding-up of a company;

month means the month of January, February, March, April, May, June, July, August, September, October, November and December;

option means an option or right, whether actual, prospective or contingent, of a person to acquire a share or to have a share transferred or allotted to the person;

paid, in relation to wages, includes provided, conferred and assigned, and pay and payable have corresponding meanings;

payroll tax means tax imposed by section 6;

perform, in relation to services, includes render;

registered business address means an address for service of notices, under the *A New Tax System (Australian Business Number) Act 1999* of the Commonwealth, on an entity that has an ABN, as shown in the Australian Business Register under that Act;

return period, in relation to an employer, means a period relating to which that employer is required to lodge a return under this Act;

share means a share in a company and includes a stapled security;

Payroll Tax Act 2008
Act No. 16 of 2008

Part 1 – Preliminary

s. 4

superannuation contribution has the meaning given in section 17(2);

taxable wages has the meaning given in section 10;

termination payment has the meaning given in section 27;

Territories means the Australian Capital Territory (including the Jervis Bay Territory) and the Northern Territory;

this jurisdiction means Tasmania and the coastal waters of the State;

voting share has the same meaning as in section 9 of the *Corporations Act 2001* of the Commonwealth;

wages has the meaning given in Part 3.

- (2) Notes included in this Act do not form part of this Act.

4. *Taxation Administration Act 1997*

This Act is to be read together with the *Taxation Administration Act 1997* which provides for the administration and enforcement of this Act and other taxation laws.

5. Act binds the Crown

- (1) This Act binds the Crown in right of this jurisdiction and, so far as the legislative power

Payroll Tax Act 2008
Act No. 16 of 2008

s. 5

Part 1 – Preliminary

of Parliament permits, the Crown in all its other capacities.

- (2) Nothing in this Act makes the Crown in any of its capacities liable to be prosecuted for an offence.

Payroll Tax Act 2008
Act No. 16 of 2008

Part 2 – Imposition of Payroll Tax

s. 6

PART 2 – IMPOSITION OF PAYROLL TAX

Division 1 – Imposition of tax

6. Imposition of payroll tax

Payroll tax is imposed on all taxable wages.

7. Who is liable for payroll tax

The employer by whom taxable wages are paid or payable is liable to pay payroll tax on the wages.

8. Amount of payroll tax

The amount of payroll tax payable by an employer is to be ascertained in accordance with Schedules 1 and 2.

9. When must payroll tax be paid

- (1) A person who is liable to pay payroll tax on taxable wages must pay the tax –
 - (a) within 7 days after the end of the month in which those wages were paid or payable, other than the month of June; and
 - (b) within 21 days after the end of the month of June in relation to taxable wages paid or payable in the month of June.

Payroll Tax Act 2008
Act No. 16 of 2008

s. 10

Part 2 – Imposition of Payroll Tax

- (2) However, if the Commissioner has reason to believe that a person may leave Australia before any payroll tax becomes payable by the person, the tax is payable on the day fixed by the Commissioner by notice served on the person.

Division 2 – Taxable wages

10. What are taxable wages?

- (1) For the purposes of this Act, “**taxable wages**” are wages that are taxable in this jurisdiction.
- (2) However, exempt wages are not taxable wages.

11. Wages that are taxable in this jurisdiction

- (1) For the purposes of this Act, wages are taxable in this jurisdiction if –
- (a) wages are paid or payable by an employer for or in relation to services performed by an employee wholly in this jurisdiction; or
- (b) wages are paid or payable by an employer for or in relation to services performed by an employee in 2 or more Australian jurisdictions, or partly in one or more Australian jurisdictions and partly outside all Australian jurisdictions, and –
- (i) the employee is based in this jurisdiction; or

Payroll Tax Act 2008
Act No. 16 of 2008

Part 2 – Imposition of Payroll Tax

s. 11

- (ii) the employer is based in this jurisdiction (in a case where the employee is not based in an Australian jurisdiction); or
 - (iii) the wages are paid or payable in this jurisdiction (in a case where both the employee and the employer are not based in an Australian jurisdiction); or
 - (iv) the wages are paid or payable for services performed mainly in this jurisdiction (in a case where both the employee and the employer are not based in an Australian jurisdiction and the wages are not paid or payable in an Australian jurisdiction); or
- (c) the wages are paid or payable by an employer for or in relation to services performed by an employee wholly outside all Australian jurisdictions and are paid or payable in this jurisdiction.

Note: Section 66A provides an exemption for wages paid or payable for services performed wholly in one or more other countries for a continuous period of more than 6 months.

- (2) The question of whether wages are taxable in this jurisdiction is to be determined by reference only to the services performed by the employee in respect of the employer during the month in which the wages are paid or payable, subject to this section.

Payroll Tax Act 2008
Act No. 16 of 2008

s. 11

Part 2 – Imposition of Payroll Tax

- (3) Any wages paid or payable by an employer in respect of an employee in a particular month are taken to be paid or payable for or in relation to the services performed by the employee in respect of the employer during that month.

Note: For example, if wages paid in a month are paid to an employee for services performed over several months, the question of whether the wages are taxable in this jurisdiction is to be determined by reference only to services performed by the employee in the month in which the wages are paid. The services performed in previous months are disregarded. (The services performed in previous months will be relevant to the question of whether wages paid in those previous months are taxable in this jurisdiction.)

- (4) If no services are performed by an employee in respect of an employer during the month in which wages are paid or payable to or in relation to the employee –
- (a) the question of whether the wages are taxable in this jurisdiction is to be determined by reference only to the services performed by the employee in respect of the employer during the most recent prior month in which the employee performed services in respect of the employer; and
 - (b) the wages are taken to be paid or payable for or in relation to the services performed by the employee in respect of the employer during that most recent prior month.
- (5) If no services were performed by an employee in respect of an employer during the month in

Payroll Tax Act 2008
Act No. 16 of 2008

Part 2 – Imposition of Payroll Tax

s. 11

which wages are paid or payable to or in relation to the employee or in any prior month –

- (a) the wages are taken to be paid or payable for or in relation to services performed by the employee in the month in which the wages are paid or payable; and
 - (b) the services are taken to have been performed at a place or places where it may be reasonably expected that the services of the employee in respect of the employer will be performed.
- (6) All amounts of wages paid or payable in the same month by the same employer in respect of the same employee are to be aggregated for the purposes of determining whether they are taxable in this jurisdiction (as if they were paid or payable for all services performed by the employee in the month in which the wages are paid or payable, or the most recent prior month, as the case requires).

Note: For example, if one amount of wages is paid by an employer in a particular month for services performed in this jurisdiction, and another amount of wages is paid by the same employer in the same month for services performed by the same employee in another Australian jurisdiction, the wages paid are to be aggregated (as if they were paid for all services performed by the employee in that month). Accordingly, subsection (1)(b) would be applied for the purpose of determining whether the wages are taxable in this jurisdiction.

- (7) If wages are paid in a different month from the month in which they are payable, the question of whether the wages are taxable in this jurisdiction

Payroll Tax Act 2008
Act No. 16 of 2008

s. 11A

Part 2 – Imposition of Payroll Tax

is to be determined by reference to the earlier of the relevant months.

11A. Jurisdiction in which employee is based

- (1) For the purposes of this Act, the jurisdiction in which an employee is based is the jurisdiction in which the employee's principal place of residence is located.
- (2) The jurisdiction in which an employee is based is to be determined by reference to the state of affairs existing during the month in which the relevant wages are paid or payable.
- (3) If more than one jurisdiction would qualify as the jurisdiction in which an employee is based during a month, the jurisdiction in which the employee is based is to be determined by reference to the state of affairs existing on the last day of that month.
- (4) An employee who does not have a principal place of residence is taken, for the purposes of this Act, to be an employee who is not based in an Australian jurisdiction.
- (5) In the case of wages paid or payable to a corporate employee, the jurisdiction in which the employee is based is to be determined in accordance with section 11B instead of this section (as if a reference in section 11B to an employer were a reference to an employee).
- (6) In this section, a “**corporate employee**” is a company that is taken to be an employee under

Payroll Tax Act 2008
Act No. 16 of 2008

Part 2 – Imposition of Payroll Tax

s. 11B

section 34 or 39 or a company to whom a payment is made that is taken to be wages payable to an employee under section 42 or 47.

11B. Jurisdiction in which employer is based

- (1) For the purposes of this Act, the jurisdiction in which an employer is based is –
 - (a) the jurisdiction in which the employer’s registered business address is located (if the employer has an ABN); or
 - (b) the jurisdiction in which the employer’s principal place of business is located (in any other case).
- (2) If wages are paid or payable in connection with a business carried on by an employer under a trust, the employer’s registered business address is the registered business address of the trust or, if the trust does not have an ABN, the registered business address of the trustee of the trust.
- (3) If an employer has registered business addresses located in different jurisdictions at the same point in time, the jurisdiction in which the employer is based at that point in time is the jurisdiction in which the employer’s principal place of business is located.
- (4) The jurisdiction in which an employer is based is to be determined by reference to the state of affairs existing during the month in which the relevant wages are paid or payable.

Payroll Tax Act 2008
Act No. 16 of 2008

s. 11C

Part 2 – Imposition of Payroll Tax

- (5) If more than one jurisdiction would qualify as the jurisdiction in which an employer is based during a month, the jurisdiction in which the employer is based is to be determined by reference to the state of affairs existing on the last day of that month.
- (6) An employer who has neither a registered business address nor a principal place of business is taken, for the purposes of this Act, to be an employer who is not based in an Australian jurisdiction.

11C. Place and date of payment of wages

- (1) For the purposes of this Act, wages are taken to have been paid at a place if, for the purpose of the payment of those wages –
 - (a) an instrument is sent or given or an amount is transferred by an employer to a person or a person's agent at that place; or
 - (b) an instruction is given by an employer for the crediting of an amount to the account of a person or a person's agent at that place.
- (2) The wages are taken to have been paid on the date that the instrument was sent or given, the amount was transferred or the account credited in accordance with the instruction (as the case requires).

Payroll Tax Act 2008
Act No. 16 of 2008

Part 2 – Imposition of Payroll Tax

s. 11C

- (3) Wages are taken to be payable at the place at which they are paid, subject to this section.
- (4) Wages that are not paid by the end of the month in which they are payable are taken to be payable at –
 - (a) the place where wages were last paid by the employer to the employee; or
 - (b) if wages have not previously been paid by the employer to the employee – the place where the employee last performed services in respect of the employer before the wages became payable.
- (5) If wages paid or payable in the same month by the same employer in respect of the same employee are paid or payable in more than one Australian jurisdiction, the wages paid or payable in that month are taken to be paid or payable in the Australian jurisdiction in which the highest proportion of the wages are paid or payable.

Note: Section 11 requires all wages paid or payable in the same month by the same employer in respect of the same employee to be aggregated for the purpose of determining whether the wages are taxable in this jurisdiction. The above provision ensures only one Australian jurisdiction can be considered to be the jurisdiction in which the wages are paid or payable.

Payroll Tax Act 2008
Act No. 16 of 2008

s. 12

Part 2 – Imposition of Payroll Tax

Division 3 – Other

12. Payroll tax paid under corresponding applied law

(1) For the purposes of ascertaining the payroll tax payable under this Act by an employer who during a return period pays taxable wages and Commonwealth place wages, there is to be deducted from the amount of payroll tax payable by the employer under this Act the amount of payroll tax payable by the employer under the corresponding applied law.

(2) In this section –

Commonwealth Act means the *Commonwealth Places (Mirror Taxes) Act 1998* of the Commonwealth;

Commonwealth place wages means wages that would be taxable wages within the meaning of the corresponding applied law if the corresponding applied law applied in relation to each place in this jurisdiction that is a Commonwealth place;

corresponding applied law means the provisions of the *Payroll Tax Act 2008* that would apply in relation to each place in this jurisdiction that is a Commonwealth place, pursuant to section 6(2) of the Commonwealth Act, if those provisions were “**excluded provisions**” within the meaning of section 6(1) of the Commonwealth Act.

PART 3 – WAGES

Division 1 – General concept of wages

13. What are wages?

- (1) For the purposes of this Act, “**wages**” mean wages, remuneration, salary, commission, bonuses or allowances paid or payable to an employee, including –
 - (a) an amount paid or payable by way of remuneration to a person holding an office under the Crown or in the service of the Crown; and
 - (b) an amount paid or payable under any prescribed classes of contracts to the extent to which that payment is attributable to labour; and
 - (c) an amount paid or payable by a company by way of remuneration to or in relation to a director of that company; and
 - (d) an amount paid or payable by way of commission to an insurance or time-payment canvasser or collector; and
 - (e) an amount that is included as or taken to be wages by any other provision of this Act.
- (2) For the purposes of this Act, wages, remuneration, salary, commission, bonuses or allowances are wages –

Payroll Tax Act 2008
Act No. 16 of 2008

s. 14

Part 3 – Wages

- (a) whether paid or payable at piece work rates or otherwise; and
 - (b) whether paid or payable in cash or in kind.
- (3) This Act applies in respect of wages referred to in subsection (1)(a), (b), (c), (d) and (e) that are paid or payable to or in relation to a person who is not an employee in the same way as it applies to wages paid or payable to an employee (as if a reference in this Act to an employer included a reference to any such person).

Division 2 – Fringe benefits

14. Wages include fringe benefits

- (1) For the purposes of this Act, “wages” include a fringe benefit.
- (2) Subsection (1) does not apply to benefits that are exempt benefits for the purposes of the FBTA Act (other than deposits to the Superannuation Holding Accounts Special Account within the meaning of the *Small Superannuation Accounts Act 1995* of the Commonwealth).

15. Value of wages comprising fringe benefits

- (1) For the purposes of this Act, the value of wages comprising a fringe benefit is to be determined in accordance with the formula –

$$TV \times \frac{1}{1 - \text{FBT rate}}$$

Payroll Tax Act 2008
Act No. 16 of 2008

Part 3 – Wages

s. 15

where –

TV is the value that would be the taxable value of the benefit as a fringe benefit for the purposes of the FBTA Act;

FBT rate is the rate of fringe benefits tax imposed by the FBTA Act that applies when the liability to payroll tax under this Act arises.

- (2) In this Act, a reference to taxable wages that were paid or payable by an employer during a month is, in relation to taxable wages comprising fringe benefits –
 - (a) a reference to the value of the fringe benefits paid or payable by the employer during the month; or
 - (b) if an election by the employer is in force under section 16, a reference to an amount calculated in accordance with that section.
- (3) In this Act, a reference to taxable wages that were paid or payable by an employer during a year is, in relation to taxable wages comprising fringe benefits, a reference to an amount calculated by adding together the amounts under subsection (2)(a) or (b) (or subsection (2)(a) and (b)), as the case requires, for the months of that year.

Payroll Tax Act 2008
Act No. 16 of 2008

s. 16

Part 3 – Wages

16. Employer election regarding taxable value of fringe benefits

- (1) An employer who has paid or is liable to pay fringe benefits tax imposed by the FBTA Act in respect of a period of not less than 15 months before 30 June in any year may elect to include as the value of the fringe benefits paid or payable by the employer during the month concerned –
 - (a) in a return lodged in relation to each of the first 11 months occurring after 30 June in that year, 1/12 of the amount determined in accordance with subsection (2) or that part of that amount as, in accordance with section 10, comprises taxable wages for the year of tax (within the meaning of the FBTA Act) ending on 31 March preceding the commencement of the current financial year; and
 - (b) in the return lodged in relation to the 12th month, the amount determined in accordance with subsection (2) or that part of that amount as, in accordance with section 10, comprises taxable wages for the year of tax (within the meaning of the FBTA Act) ending on 31 March preceding that month, less the total of the amounts of fringe benefits included in the returns for each of the preceding 11 months.

Payroll Tax Act 2008
Act No. 16 of 2008

Part 3 – Wages

s. 16

- (2) The amount determined in accordance with this subsection is to be determined in accordance with the formula –

$$AFBA \times \frac{1}{1 - \text{FBT rate}}$$

where –

AFBA is the aggregate fringe benefits amount within the meaning of section 136 of the FBTA Act;

FBT rate is the rate of fringe benefits tax imposed by the FBTA Act that applies when the liability to payroll tax under this Act arises.

- (3) An election under subsection (1) takes effect when it is notified to the Commissioner in the form approved by the Commissioner.
- (4) After an employer has made an election under subsection (1), the employer must lodge returns containing amounts calculated in accordance with the election unless the Commissioner approves, by notice in writing given to the employer, the termination of the election and allows the employer to include the value referred to in section 15(2)(a).
- (5) If an employer ceases to be liable to pay payroll tax, the value of taxable wages comprising fringe benefits to be included in the employer's final return is (irrespective of whether or not the employer has made an election under subsection (1)) the value of the fringe benefits

Payroll Tax Act 2008
Act No. 16 of 2008

s. 17

Part 3 – Wages

paid or payable by the employer for the period commencing on and including the preceding 1 July until the date on which the employer ceases to be liable to payroll tax, less the value of the fringe benefits paid or payable by the employer during that period on which payroll tax has been paid.

Division 3 – Superannuation contributions

17. Wages include superannuation contributions

- (1) For the purposes of this Act, “**wages**” include a superannuation contribution.
- (2) A “**superannuation contribution**” is a contribution paid or payable by an employer in respect of an employee –
 - (a) to or as a superannuation fund within the meaning of the *Superannuation Industry (Supervision) Act 1993* of the Commonwealth; or
 - (b) as a superannuation guarantee charge within the meaning of the *Superannuation Guarantee (Administration) Act 1992* of the Commonwealth; or
 - (c) to or as any other form of superannuation, provident or retirement fund or scheme including –
 - (i) the Superannuation Holding Accounts Special Account within

Payroll Tax Act 2008
Act No. 16 of 2008

Part 3 – Wages

s. 17

the meaning of the *Small Superannuation Accounts Act 1995* of the Commonwealth; and

- (ii) a retirement savings account within the meaning of the *Retirement Savings Accounts Act 1997* of the Commonwealth; and
 - (iii) a wholly or partly unfunded fund or scheme.
- (3) Setting aside any money or anything that is worth money as, or as part of, a superannuation fund, superannuation guarantee charge or any other form of superannuation, provident or retirement fund or scheme is taken to be paying a superannuation contribution.
 - (4) Making a superannuation contribution of anything that is worth money is taken to be paying a superannuation contribution of the amount equal to its value, and its value is to be worked out in accordance with section 43 as if that section referred to the contribution instead of to wages.
 - (5) A superannuation, provident or retirement fund or scheme is unfunded to the extent that money paid or payable by an employer in respect of an employee covered by the fund or scheme is not paid or payable during the employee's period of service with the employer.
 - (6) In this section –

Payroll Tax Act 2008
Act No. 16 of 2008

s. 18

Part 3 – Wages

employee includes any person to whom, by virtue of a paragraph of the definition of “wages” in section 13(1), an amount paid or payable in the circumstances referred to in that paragraph constitutes wages.

Division 4 – Shares and options

18. Inclusion of grant of shares and options as wages

- (1) For the purposes of this Act, “wages” include the grant of a share or option to an employee by an employer in respect of services performed by the employee if the share or option is an ESS interest (within the meaning of section 83A-10 of the *Income Tax Assessment Act 1997* of the Commonwealth) and is granted to the employee under an employee share scheme (within the meaning of that section).

Note: A grant of a share or an option to an employee by an employer that is not an ESS interest will be taxable as a fringe benefit under Division 2 of this Part.

- (2) Any such wages are taken, for the purpose of the imposition of payroll tax, to be paid or payable on the relevant day.
- (3) For the purposes of this Division, the “**relevant day**” is the day that the employer elects in accordance with this Division to treat as the day on which the wages are paid or payable.
- (4) To avoid doubt, the grant of a share or option is valuable consideration for the purposes of section 46.

19. Choice of relevant day

- (1) The employer can elect to treat as the “**relevant day**” either the date on which the share or option is granted to the employee or the vesting date.
- (2) A share or option is “**granted**” to a person if –
 - (a) another person transfers the share or option to that person (other than, in the case of a share, by issuing the share to that person); or
 - (b) in the case of a share – another person allots the share to that person; or
 - (c) in the case of an option – another person confers the option on, or otherwise creates the option in, that person; or
 - (d) the person otherwise acquires a legal interest in the share or option from another person; or
 - (e) the person acquires a beneficial interest in the share or option from another person.
- (2A) To avoid doubt, if an employee acquires a right to be granted a share or an option, or some other material benefit, at the election of the employer, the share or option is not granted until the employer elects to grant the share or option.
- (3) The “**vesting date**” in respect of a share is one of the following dates (whichever happens first):

Payroll Tax Act 2008
Act No. 16 of 2008

s. 20

Part 3 – Wages

- (a) the date on which the share vests in the employee (that is, when any conditions applying to the grant of the share have been met and the employee's legal or beneficial interest in the share cannot be rescinded);
 - (b) the date at the end of the period of 7 years from the date on which the share is granted to the employee.
- (4) The “**vesting date**” in respect of an option is one of the following dates (whichever happens first):
- (a) the date on which the share to which the option relates is granted to the employee;
 - (b) the date on which the employee exercises a right under the option to have the share the subject of the option transferred to, allotted to or vested in him or her;
 - (c) the date at the end of the period of 7 years from the date on which the option is granted to the employee.

20. Deemed choice of relevant day in special cases

- (1) If an employer grants a share or an option to an employee and the value of the grant of the share or option is not included in the taxable wages of the employer for the financial year in which the share or option was granted, the employer is taken to have elected to treat the wages constituted by the grant of that share or option as being paid or payable on the vesting date.

- (2) If an employer grants a share or an option to an employee and the value of the grant of the share or option is nil or, if the employer were to elect to treat the date of grant as the relevant day, the wages constituted by the grant would not be liable to payroll tax, the employer is taken to have elected to treat the wages constituted by the grant of that share or option as being paid or payable on the date on which the share or option was granted.

21. Effect of rescission, cancellation of share or option

- (1) If the grant of a share or option is withdrawn, cancelled or exchanged before the vesting date for any valuable consideration (other than the grant of other shares or options), the following provisions apply:
 - (a) the date of withdrawal, cancellation or exchange is taken to be the vesting date of the share or option;
 - (b) the market value of the share or option, on the vesting date, is taken to be the amount of the valuable consideration (and, accordingly, that amount is the amount paid or payable as wages on that date).
- (2) If an employer includes the value of a grant of a share or option in the taxable wages of the employer for a financial year and the grant is rescinded because the conditions attaching to the grant were not met, the taxable wages of the employer, in the financial year in which the

Payroll Tax Act 2008
Act No. 16 of 2008

s. 22

Part 3 – Wages

grant is rescinded, are to be reduced by the value of the grant as previously included in the taxable wages of the employer.

- (3) Subsection (2) does not apply just because an employee fails to exercise an option or to otherwise exercise his or her rights in respect of a share or option.

22. Grant of share pursuant to exercise of option

The grant of the share by an employer does not constitute wages for the purposes of this Act if the employer is required to grant the share as a consequence of the exercise of an option by a person and –

- (a) the grant of the option to the person constitutes wages for the purposes of this Act; or
- (b) the option was granted to the person before 1 July 2008.

23. Value of shares and options

- (1) If the grant of a share or option constitutes wages under this Division, the amount paid or payable as wages is taken, for the purposes of this Act, to be the value of the share or option (expressed in Australian currency) on the relevant day, less the consideration (if any) paid or given by the employee in respect of the share or option (other than consideration in the form of services performed).

Payroll Tax Act 2008
Act No. 16 of 2008

Part 3 – Wages

s. 23

- (2) The value of a share or an option is –
 - (a) the market value; or
 - (b) the amount determined as provided for by the Commonwealth income tax provisions.
- (3) The employer may elect the method by which the value of a share or an option is determined in any return lodged under this Act.
- (4) However, the Commissioner may determine the method by which the value of a share or an option is determined if the grant of the share or option is not included as wages in a return lodged by an employer as required by this Act.
- (5) In working out the market value of a share or option, anything that would prevent or restrict conversion of the share or option to money is to be disregarded.
- (6) The Commonwealth income tax provisions apply with the following modifications, and any other necessary modifications:
 - (a) the value of an option is to be determined as if it were a right to acquire a beneficial interest in a share;
 - (b) a reference to the acquisition of a beneficial interest in a share or right is to be read as a reference to the grant of a share or an option.
- (7) In this section –

Payroll Tax Act 2008
Act No. 16 of 2008

s. 24

Part 3 – Wages

Commonwealth income tax provisions means section 83A-315 of the *Income Tax Assessment Act 1997* of the Commonwealth and the regulations made for the purpose of that section.

Note: See Division 83A of the *Income Tax Assessment Regulations 1997* of the Commonwealth for the relevant regulations

24. Inclusion of shares and options granted to directors as wages

- (1) For the purposes of this Act, “**wages**” include the grant of a share or an option by a company to a director of the company who is not an employee of the company by way of remuneration for the appointment or services of the director.
- (2) For that purpose, the other provisions of this Division apply in respect of any such grant as if a reference to the employer were a reference to the company and a reference to the employee were a reference to the director of the company.
- (3) In this section, a reference to a director of the company includes a reference to the following:
 - (a) a person who, under a contract or other arrangement, is to be appointed as a director of the company;
 - (b) a former director of the company.
- (4) However, if wages referred to in this section are fringe benefits, the value of the wages is to be

Payroll Tax Act 2008
Act No. 16 of 2008

determined in accordance with Division 2 of this Part (and not this Division).

Note: Section 13 provides that a reference to an employee in this Act includes a reference to any person to whom any amount that is treated as wages under this Act is paid or payable. See also section 11, which deems the wages to be paid or payable for services performed.

25.

26. Place where wages are payable

- (1) The wages constituted by the grant of the share or option are taken to be paid or payable in this jurisdiction if the share is a share in a local company or, in the case of an option, an option to acquire shares in a local company.
- (2) In any other case, the wages constituted by the grant of the share or option are taken to be paid or payable outside this jurisdiction.

Note: The place where wages are paid or payable is sometimes relevant to determining whether the wages are liable to payroll tax under this Act. See section 11.

- (3) In this section –

local company means –

- (a) a company incorporated or taken to be incorporated under the *Corporations Act 2001* of the Commonwealth that is taken to

Payroll Tax Act 2008
Act No. 16 of 2008

s. 27

Part 3 – Wages

be registered in this jurisdiction for the purposes of that Act; or

- (b) any other body corporate that is incorporated under an Act of this jurisdiction.

Division 5 – Termination payments

27. Definitions

In this Division –

employment termination payment means –

- (a) an employment termination payment within the meaning of section 82-130 of the ITAA; or
- (b) a payment that would be an employment termination payment within the meaning of section 82-130 of the ITAA but for the fact that it was received later than 12 months after the termination of a person's employment; or
- (c) a transitional termination payment within the meaning of section 82-10 of the *Income Tax (Transitional Provisions) Act 1997* of the Commonwealth;

termination payment means –

- (a) payment made in consequence of the retirement from, or

Payroll Tax Act 2008
Act No. 16 of 2008

Part 3 – Wages

s. 27

termination of, any office or employment of an employee, being –

- (i) an unused annual leave payment; or
 - (ii) an unused long service leave payment; or
 - (iii) so much of an employment termination payment paid or payable by an employer, whether or not paid to the employee or to any other person or body, that would be included in the assessable income of an employee under Part 2-40 of the ITAA if the whole of the employment termination payment had been paid to the employee; or
- (b) an amount paid or payable by a company as a consequence of the termination of the services or office of a director of the company, whether or not paid to the director or to any other person or body, that would be an employment termination payment if that amount had been paid or

Payroll Tax Act 2008
Act No. 16 of 2008

s. 28

Part 3 – Wages

payable as a consequence of termination of employment; or

- (c) an amount paid or payable by a person who is an employer under a relevant contract (within the meaning of section 32) as a consequence of the termination of the supply of the services of an employee under the contract, whether or not paid to the employee or to any other person, if the amount would be an employment termination payment if that amount had been paid or payable as a consequence of termination of employment;

unused annual leave payment has the same meaning as in section 83-10 of the ITAA;

unused long service leave payment has the same meaning as in section 83-75 of the ITAA.

28. Termination payments

For the purposes of this Act, “wages” include a termination payment.

Division 6 – Allowances

29. Motor vehicle allowances

- (1) For the purposes of this Act, “wages”, in respect of a financial year, do not include the exempt

Payroll Tax Act 2008
Act No. 16 of 2008

Part 3 – Wages

s. 29

component of a motor vehicle allowance paid or payable in respect of that year.

- (2) Accordingly, if the total motor vehicle allowance paid or payable to an employee in respect of a financial year does not exceed the exempt component, the motor vehicle allowance is not “wages” for the purposes of this Act.
- (3) If the total motor vehicle allowance paid or payable to an employee in respect of a financial year exceeds the exempt component (if any), only that amount that exceeds the exempt component of the motor vehicle allowance is included as “wages” for the purposes of this Act.
- (4) The “**exempt component**” of a motor vehicle allowance paid or payable in respect of a financial year is calculated in accordance with the formula –

$$E = K \times R$$

where –

E is the exempt component;

K is the number of business kilometres travelled during the financial year;

R is the exempt rate.

- (5) The “**number of business kilometres travelled during the financial year**” (“**K**”) is to be determined in accordance with the continuous recording method, or the averaging method,

Payroll Tax Act 2008
Act No. 16 of 2008

s. 30

Part 3 – Wages

whichever method is selected and used by the employer in accordance with Part 5 of Schedule 1.

- (6) The Commissioner, by order in writing, may approve the use, by an employer or class of employer, of another method of determining the number of business kilometres travelled during the financial year (including the use of an estimate). If so, the number of business kilometres travelled during the financial year is to be determined in accordance with the method approved by the Commissioner.
- (7) For the purposes of this section, the “**exempt rate**” for the financial year concerned is –
 - (a) the rate of cents per kilometre determined under subsection 28-25(4) of the ITAA for the purposes of subsection (1) of that section in the financial year immediately preceding the financial year in which the allowance is paid or payable; or
 - (b) if no rate of cents per kilometre referred to in paragraph (a) is prescribed, the rate prescribed by the regulations under this Act.

30. Accommodation allowances

- (1) For the purposes of this Act, “**wages**” do not include an accommodation allowance paid or payable to an employee in respect of a night’s

Payroll Tax Act 2008
Act No. 16 of 2008

Part 3 – Wages

s. 31

absence from the person's usual place of residence that does not exceed the exempt rate.

- (2) If the accommodation allowance paid or payable to an employee in respect of a night's absence from the person's usual place of residence exceeds the exempt rate, "**wages**" include that allowance only to the extent that it exceeds the exempt rate.
- (3) For the purposes of this section, the "**exempt rate**" for the financial year concerned is –
 - (a) the total reasonable amount for daily travel allowance expenses using the lowest capital city for the lowest salary band for the financial year determined by the Commissioner of Taxation of the Commonwealth; or
 - (b) if no determination referred to in paragraph (a) is in force, the rate prescribed by the regulations.

Division 7 – Contractor provisions

31. Definitions

In this Division –

contract includes an agreement, arrangement or undertaking, whether formal or informal and whether express or implied;

relevant contract has the meaning given in section 32;

Payroll Tax Act 2008
Act No. 16 of 2008

s. 32

Part 3 – Wages

re-supply of goods acquired from a person includes –

- (a) a supply to the person of goods in an altered form or condition; and
- (b) a supply to the person of goods in which the first-mentioned goods have been incorporated;

services includes results (whether goods or services) of work performed;

supply includes supply by way of sale, exchange, lease, hire or hire-purchase, and in relation to services includes the providing, granting or conferring of services.

32. What is a relevant contract?

- (1) In this Division, a “**relevant contract**” in relation to a financial year is a contract under which a person (the “**designated person**”) during that financial year, in the course of a business carried on by the designated person –
 - (a) supplies to another person services for or in relation to the performance of work; or
 - (b) has supplied to the designated person the services of persons for or in relation to the performance of work; or
 - (c) gives out goods to natural persons for work to be performed by those persons in respect of those goods and for re-supply

Payroll Tax Act 2008
Act No. 16 of 2008

Part 3 – Wages

s. 32

of the goods to the designated person or, where the designated person is a member of a group, to another member of that group.

- (2) However, a “**relevant contract**” does not include a contract of service or a contract under which a person (the “**designated person**”) during a financial year in the course of a business carried on by the designated person –
- (a) is supplied with services for or in relation to the performance of work that are ancillary to the supply of goods under the contract by the person by whom the services are supplied or to the use of goods which are the property of that person; or
 - (b) is supplied with services for or in relation to the performance of work where –
 - (i) those services are of a kind not ordinarily required by the designated person and are performed by a person who ordinarily performs services of that kind to the public generally; or
 - (ii) those services are of a kind ordinarily required by the designated person for less than 180 days in a financial year; or
 - (iii) those services are provided for a period that does not exceed 90

Payroll Tax Act 2008
Act No. 16 of 2008

s. 32

Part 3 – Wages

days or for periods that, in the aggregate, do not exceed 90 days in that financial year and are not services –

(A) provided by a person by whom similar services are provided to the designated person; or

(B) for or in relation to the performance of work where any of the persons who perform the work also perform similar work for the designated person –

for periods that, in the aggregate, exceed 90 days in that financial year; or

(iv) those services are supplied under a contract to which subparagraphs (i) – (iii) do not apply and the Commissioner is satisfied that those services are performed by a person who ordinarily performs services of that kind to the public generally in that financial year; or

(c) is supplied by a person (the “**contractor**”) with services for or in relation to the performance of work under a contract to which paragraphs (a)

Payroll Tax Act 2008
Act No. 16 of 2008

Part 3 – Wages

s. 32

and (b) do not apply where the work to which the services relate is performed –

- (i) by two or more persons employed by, or who provide services for, the contractor in the course of a business carried on by the contractor; or
 - (ii) where the contractor is a partnership of two or more natural persons, by one or more of the members of the partnership and one or more persons employed by, or who provide services for, the contractor in the course of a business carried on by the contractor; or
 - (iii) where the contractor is a natural person, by the contractor and one or more persons employed by, or who provide services for, the contractor in the course of a business carried on by the contractor; or
- (d) is supplied with services solely for or ancillary to the conveyance of goods by means of a vehicle provided by the person conveying them.
- (2A) Subsection (2) does not apply if the Commissioner determines that the contract or arrangement under which the services are supplied was entered into with an intention

Payroll Tax Act 2008
Act No. 16 of 2008

s. 33

Part 3 – Wages

either directly or indirectly of avoiding or evading the payment of tax by any person.

- (2B) Subsection (2)(a), (b), (c) or (d) does not apply to a contract under which any additional services or work (of a kind not covered by the relevant paragraph) are supplied or performed under the contract.
- (3) For the purposes of this section, an employment agency contract under which services are supplied by an employment agent, or a service provider is procured by an employment agent, is not a relevant contract.

33. Persons taken to be employers

- (1) For the purposes of this Act, a person –
 - (a) who during a financial year, under a relevant contract, supplies services to another person; or
 - (b) to whom during a financial year, under a relevant contract, the services of persons are supplied for or in relation to the performance of work; or
 - (c) who during a financial year, under a relevant contract, gives out goods to other persons –

is taken to be an employer in respect of that financial year.

- (2) If a contract is a relevant contract under both section 32(1)(a) and (b) –

Payroll Tax Act 2008
Act No. 16 of 2008

Part 3 – Wages

s. 34

- (a) the person to whom, under the contract, the services of persons are supplied for or in relation to the performance of work is taken to be an employer; and
- (b) despite subsection (1)(a), the person who under the contract supplies the services is taken not to be an employer.

34. Persons taken to be employees

For the purposes of this Act, a person who during a financial year –

- (a) performs work for or in relation to which services are supplied to another person under a relevant contract; or
- (b) being a natural person, under a relevant contract, re-supplies goods to an employer –

is taken to be an employee in respect of that financial year.

35. Amounts under relevant contracts taken to be wages

- (1) For the purposes of this Act, amounts paid or payable by an employer during a financial year for or in relation to the performance of work relating to a relevant contract or the re-supply of goods by an employee under a relevant contract are taken to be wages paid or payable during that financial year.

Payroll Tax Act 2008
Act No. 16 of 2008

s. 35

Part 3 – Wages

- (2) If an amount referred to in subsection (1) is included in a larger amount paid or payable by an employer under a relevant contract during a financial year, that part of the larger amount which is not attributable to the performance of work relating to the relevant contract or the re-supply of goods by an employee under the relevant contract is as determined by the Commissioner.
- (3) An amount paid or payable for or in relation to the performance of work under a relevant contract is taken to include –
 - (a) any payment made by a person who is taken to be an employer under a relevant contract in relation to a person who is taken to be an employee under the relevant contract that would be a superannuation contribution if made in relation to a person in the capacity of an employee; and
 - (b) the value of any share or option (not otherwise included as wages under this Act) provided or liable to be provided by a person who is taken to be an employer under a relevant contract in relation to a person who is taken to be an employee under the relevant contract that would be included as wages under Division 4 if provided to a person in the capacity of an employee.

36. Liability provisions

If, in respect of a payment for or in relation to the performance of work that is taken to be wages under this Division, payroll tax is paid by a person taken under this Division to be an employer –

- (a) no other person is liable to payroll tax in respect of that payment; and
- (b) if another person is liable to make a payment for or in relation to that work, that person is not liable to payroll tax in respect of that payment unless it or the payment by the first-mentioned person is made with an intention either directly or indirectly of avoiding or evading the payment of tax whether by the first-mentioned person or another person.

Division 8 – Employment agents

37. Definitions

- (1) For the purposes of this Act, an “**employment agency contract**” is a contract, whether formal or informal and whether express or implied, under which a person (an “**employment agent**”) procures the services of another person (a “**service provider**”) for a client of the employment agent.
- (2) However, a contract is not an employment agency contract for the purposes of this Act if it is, or results in the creation of, a contract of

Payroll Tax Act 2008
Act No. 16 of 2008

s. 38

Part 3 – Wages

employment between the service provider and the client.

(3) In this section –

contract includes agreement, arrangement and undertaking.

38. Persons taken to be employers

For the purposes of this Act, the employment agent under an employment agency contract is taken to be an employer.

39. Persons taken to be employees

For the purposes of this Act, the person who performs work for or in relation to which services are supplied to the client under an employment agency contract is taken to be an employee of the employment agent.

40. Amounts taken to be wages

(1) For the purposes of this Act, the following are taken to be wages paid or payable by the employment agent under an employment agency contract:

(a) any amount paid or payable to or in relation to the service provider in respect of the provision of services in connection with the employment agency contract;

Payroll Tax Act 2008
Act No. 16 of 2008

Part 3 – Wages

s. 41

- (b) the value of any benefit provided for or in relation to the provision of services in connection with the employment agency contract that would be a fringe benefit if provided to a person in the capacity of an employee;
 - (c) any payment made in relation to the service provider that would be a superannuation contribution if made in relation to a person in the capacity of an employee.
- (2) Subsection (1) does not apply to an employment agency contract to the extent that an amount, benefit or payment referred to in that subsection would be exempt from payroll tax under Part 4 (other than under Division 4 or 5 of that Part or section 50) had the service provider been paid by the client as an employee, if the client has given a declaration to that effect, in the form approved by the Commissioner, to the employment agent.

41. Liability provisions

Subject to section 42, if an employment agent under an employment agency contract –

- (a) by arrangement procures the services of a service provider for a client of the employment agent; and
- (b) pays payroll tax in respect of an amount, benefit or payment that is, under section 40, taken to be wages paid or payable by the employment agent in

Payroll Tax Act 2008
Act No. 16 of 2008

s. 42

Part 3 – Wages

respect of the provision of those services in connection with that contract –

no other person (including any other person engaged to procure the services of the service provider for the employment agent's client as part of the arrangement) is liable to pay payroll tax in respect of wages paid or payable for the procurement or performance of those services by the service provider for the client.

42. Agreement to reduce or avoid liability to payroll tax

- (1) If the effect of an employment agency contract is to reduce or avoid the liability of any party to the contract to the assessment, imposition or payment of payroll tax, the Commissioner may –
 - (a) disregard the contract; and
 - (b) determine that any party to the contract is taken to be an employer for the purposes of this Act; and
 - (c) determine that any payment made in respect of the contract is taken to be wages for the purposes of this Act.
- (2) If the Commissioner makes a determination under subsection (1), the Commissioner must serve a notice of the determination on the person taken to be an employer for the purposes of this Act.

- (3) The notice must set out the facts on which the Commissioner relies and the reasons for the determination.
- (4) This section has effect in relation to agreements, transactions and arrangements made before, on or after the commencement of this section.

Division 9 – Other

43. Value of wages paid in kind

The value of wages (except fringe benefits and shares and options) that are paid or payable in kind is the greater of –

- (a) the value agreed or attributed to the wages in, or ascertainable for the wages from, arrangements between the employer and the employee, whichever is the greater; and
- (b) if the regulations prescribe how the value of wages of that type is to be determined, the value determined in accordance with the regulations.

44. GST excluded from wages

- (1) If a person is liable to pay GST on the supply to which wages paid or payable to the person relate, the amount or value of those wages on which payroll tax is payable is the amount or value of the wages paid or payable to the person minus the relevant proportion of the amount of

Payroll Tax Act 2008
Act No. 16 of 2008

s. 45

Part 3 – Wages

GST payable by the person on the supply to which the wages relate.

- (2) Subsection (1) does not apply in respect of the value of wages comprising a fringe benefit.
- (3) In this section –

consideration has the same meaning as in the *A New Tax System (Goods and Services Tax) Act 1999* of the Commonwealth;

relevant proportion, in relation to GST payable on a supply to which wages relate, means the proportion that the amount or value of the wages bears to the consideration for the supply to which the wages relate.

45. Wages paid by group employers

A reference in this Act to wages paid or payable by a member of a group includes wages that would be taken to be paid or payable by a member of a group if the member were the employer of the employee to whom the wages were paid.

46. Wages paid by or to third parties

- (1) If any of the following amounts of money or other valuable consideration would, if paid or given or to be paid or given directly by an employer to an employee, be or be included as wages paid or payable by the employer to the employee for the purposes of this Act, they are

Payroll Tax Act 2008
Act No. 16 of 2008

Part 3 – Wages

s. 46

taken to be wages paid or payable by the employer to the employee:

- (a) any money or other valuable consideration paid or given, or to be paid or given, to an employee, for the employee's services as an employee of an employer, by a person other than the employer;
 - (b) any money or other valuable consideration paid or given, or to be paid or given, by an employer, for an employee's services as the employee of the employer, to a person other than the employee;
 - (c) any money or other valuable consideration paid or given, or to be paid or given, by a person other than an employer, for an employee's services as an employee of the employer, to a person other than the employee.
- (2) If any of the following amounts of money or other valuable consideration would, if paid or given or to be paid or given directly by a company to a director of the company, be or be included as wages paid or payable by the company to the director for the purposes of this Act, they are taken to be wages paid or payable by the company to the director:
- (a) any money or other valuable consideration paid or given, or to be paid or given, to a director of a company, by

Payroll Tax Act 2008
Act No. 16 of 2008

s. 47

Part 3 – Wages

way of remuneration for the appointment or services of the director to the company, by a person other than the company;

(b) any money or other valuable consideration paid or given, or to be paid or given, by a company, by way of remuneration for the appointment or services of the director to the company, to a person other than the director;

(c) any money or other valuable consideration paid or given, or to be paid or given, by any person, by way of remuneration for the appointment or services of a director to the company, to a person other than the director.

(3) In this section, “**director**” of a company includes –

(a) a person who, under a contract or other arrangement, is to be appointed as a director of the company; and

(b) a former director of the company.

47. Agreement etc. to reduce or avoid liability to payroll tax

(1) If any person enters into any agreement, transaction or arrangement, whether in writing or otherwise, under which a natural person performs, for or on behalf of another person, services in respect of which any payment is

Payroll Tax Act 2008
Act No. 16 of 2008

Part 3 – Wages

s. 47

made to some other person related or connected to the natural person performing the services and the effect of the agreement, transaction or arrangement is to reduce or avoid the liability of any person to the assessment, imposition or payment of payroll tax, the Commissioner may –

- (a) disregard the agreement, transaction or arrangement; and
 - (b) determine that any party to the agreement, transaction or arrangement is taken to be an employer for the purposes of this Act; and
 - (c) determine that any payment made in respect of the agreement, transaction or arrangement is taken to be wages for the purposes of this Act.
- (2) If the Commissioner makes a determination under subsection (1), the Commissioner must serve a notice to that effect on the person taken to be an employer for the purposes of this Act.
- (3) The notice must set out the facts on which the Commissioner relies and the reasons for the determination.
- (4) This section has effect in relation to agreements, transactions and arrangements made before, on or after the commencement of this section.

PART 4 – EXEMPTIONS

Division 1 – Non-profit organisations

48. Non-profit organisations

- (1) Subject to subsection (2), wages are exempt wages if they are paid or payable by any of the following:
 - (a) a religious institution;
 - (b) a public benevolent institution (but not including an instrumentality of the State);
 - (c) a non-profit organisation having as its sole or dominant purpose a charitable, benevolent, philanthropic or patriotic purpose (but not including a school, an educational institution, an educational company or an instrumentality of the State).
- (2) The wages must be paid or payable –
 - (a) for work of a kind ordinarily performed in connection with the religious, charitable, benevolent, philanthropic or patriotic purposes of the institution or body; and
 - (b) to a person engaged exclusively in that kind of work.
- (3) For the purposes of subsection (1)(c), an “**educational company**” is a company –

Payroll Tax Act 2008
Act No. 16 of 2008

Part 4 – Exemptions

s. 48

-
- (a) in which an educational institution has a controlling interest; and
- (b) that provides, promotes or supports the educational services of that institution.
- (4) For the purposes of subsection (3), an educational institution has a “**controlling interest**” in an educational company if –
- (a) members of the board of management of the company who are entitled to exercise a majority in voting power at meetings of the board of management are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the educational institution; or
- (b) the educational institution may (whether directly or indirectly) exercise, control the exercise of, or substantially influence the exercise of, more than 50% of the voting power attached to voting shares, or any class of voting shares, issued by the company; or
- (c) the educational institution has power to appoint more than 50% of the members of the board of management of the company.
- (5) In this section –

educational institution means an entity that provides education above secondary level.

Division 2 – Education and training

49. Schools and educational services and training

Wages are exempt wages as provided for in Division 1 of Part 3 of Schedule 2.

50. Community Development Employment Project

- (1) Wages are exempt wages if they are paid or payable to an Aboriginal person who is employed under an employment project.
- (2) An “**employment project**” is an employment project under the Community Development Employment Project funded by the Department of Employment and Workplace Relations of the Commonwealth or the Torres Strait Regional Authority.

Division 3 – Health care service providers

51. Health care service providers

- (1) Subject to subsection (2), wages paid or payable by a health care service provider are exempt wages.
- (2) The wages must be paid or payable –
 - (a) for work of a kind ordinarily performed in connection with the conduct of a health care service provider; and
 - (b) to a person engaged exclusively in that kind of work.

- (3) For the purposes of this section, “**health care service provider**” has the meaning given in Division 2 of Part 3 of Schedule 2.

52. Division not to limit other exemptions

- (1) Nothing in this Division limits the application of any other Division of this Part.
- (2) For example, if a health care service provider is also a non-profit organisation, the exemption for non-profit organisations referred to in section 48 may still apply.

Division 4 – Maternity and adoption leave

53. Maternity and adoption leave

- (1) Wages are exempt wages if they are paid or payable to an employee in respect of –
- (a) maternity leave, being leave given to a female employee in connection with her pregnancy or the birth of her child (other than sick leave, recreation leave, annual leave or any similar leave); or
 - (b) adoption leave, being leave given to an employee in connection with the adoption of a child by him or her (other than sick leave, recreation leave, annual leave or any similar leave).
- (2) It is immaterial whether the leave is taken during or after the pregnancy or before or after the adoption.

Payroll Tax Act 2008
Act No. 16 of 2008

s. 54

Part 4 – Exemptions

- (3) The exemption is limited to wages paid or payable in respect of a maximum of 14 weeks maternity leave in respect of any one pregnancy and 14 weeks adoption leave in respect of any one adoption.
 - (4) In subsection (3) –
 - (a) a reference to 14 weeks maternity leave or 14 weeks adoption leave includes a reference to an equivalent period of leave at a reduced rate of pay; and
 - (b) a reference to wages paid or payable in respect of a period of leave is a reference to the total wages that would normally have been paid or payable for that period of leave.
- Note* For a part-time employee, the exemption may apply to wages paid or payable for maternity leave or adoption leave that extends to 28 weeks at half of the part-time rate of pay that would normally apply to the employee.
- (5) The exemption does not apply to any part of wages paid or payable in respect of maternity or adoption leave that comprises fringe benefits.

54. Administrative requirements for exemption

- (1) An employer wishing to claim an exemption under section 53 in respect of maternity leave must obtain and keep a medical certificate in respect of, or statutory declaration by, the employee –

Payroll Tax Act 2008
Act No. 16 of 2008

Part 4 – Exemptions

s. 55

- (a) stating that the employee is or was pregnant; or
 - (b) stating that the employee has given birth and the date of birth.
- (2) An employer wishing to claim an exemption under section 53 in respect of adoption leave must obtain and keep a statutory declaration by the employee stating –
- (a) that a child has been placed in the custody of the employee pending the making of an adoption order; or
 - (b) that an adoption order has been made or recognised in favour of the employee.

Note: Section 63 of the *Taxation Administration Act 1997* requires these records to be kept for at least 5 years unless the Commissioner authorises earlier destruction.

Division 5 – Volunteer firefighters and emergency service volunteers

55. Volunteer firefighters

Subject to section 57, wages are exempt wages if they are paid or payable to an employee in respect of any period when he or she was taking part in bushfire-fighting activities as a volunteer member of a fire brigade under the *Fire Service Act 1979*.

56. Emergency service volunteers

- (1) Subject to section 57, wages are exempt wages if they are paid or payable to an employee in respect of any period when he or she was engaging in emergency management or rescue and retrieval operations as a volunteer emergency management worker.
- (2) For the purposes of subsection (1) –

emergency management has the same meaning as in the *Emergency Management Act 2006*;

rescue and retrieval operation has the same meaning as in the *Emergency Management Act 2006*;

volunteer emergency management worker has the same meaning as in section 56 of the *Emergency Management Act 2006*.

57. Limitation of exemption

An exemption under this Division does not apply to wages paid or payable as recreation leave, annual leave, long service leave or sick leave.

Division 6 – Local government

58. Local and county councils

Note. This section is contained in the Payroll Tax Act 2007 of New South Wales. The section does not apply in Tasmania because local

*Payroll Tax Act 2008
Act No. 16 of 2008*

Part 4 – Exemptions

s. 59

government is not exempt from payroll tax in this State. In order to achieve uniform numbering with the Payroll Tax Acts of New South Wales and Victoria in accordance with the harmonised payroll tax arrangements, this section has been left blank.

59. Local government business entities

Note. This section is contained in the Payroll Tax Act 2007 of New South Wales. The section does not apply in Tasmania because local government is not exempt from payroll tax in this State. In order to achieve uniform numbering with the Payroll Tax Acts of New South Wales and Victoria in accordance with the harmonised payroll tax arrangements, this section has been left blank.

60. Limitation on local government exemptions

Note. This section is contained in the Payroll Tax Act 2007 of New South Wales. The section does not apply in Tasmania because local government is not exempt from payroll tax in this State. In order to achieve uniform numbering with the Payroll Tax Acts of New South Wales and Victoria in accordance with the harmonised payroll tax arrangements, this section has been left blank.

Division 7 – Other government and defence

61. State Governors

Wages paid or payable by the Governor of a State are exempt wages.

62. Defence personnel

Wages are exempt wages if they are paid or payable to an employee in respect of any period when he or she was on leave from employment because of being a member of –

- (a) the Defence Force of the Commonwealth; or
- (b) the armed forces of any part of the Commonwealth of Nations.

63. War Graves Commission

Wages paid or payable by the Commonwealth War Graves Commission are exempt wages.

Division 8 – Foreign government representatives and international agencies

64. Consular and non-diplomatic representatives

Wages paid or payable to members of his or her official staff by a consular or other representative of any country in Australia (other than a diplomatic representative) are exempt wages.

65. Trade Commissioners

Wages paid or payable to members of his or her official staff by a Trade Commissioner representing any other part of the Commonwealth of Nations in Australia are exempt wages.

66. Australian-American Fulbright Commission

Wages paid or payable by the Australian-American Fulbright Commission are exempt wages.

Division 9 – Services outside Australia

66A. Wages paid or payable for or in relation to services performed in other countries

Wages are exempt wages if they are paid or payable for or in relation to services performed by an employee wholly in one or more other countries for a continuous period of more than 6 months beginning on the day on which wages were first paid or payable to that employee for the services so performed.

PART 5 – GROUPING OF EMPLOYERS

Division 1 – Interpretation

67. Definitions

In this Part –

business includes –

- (a) a profession or trade; and
- (b) any other activity carried on for fee, gain or reward; and
- (c) the activity of employing one or more persons who perform duties in connection with another business; and
- (d) the carrying on of a trust (including a dormant trust); and
- (e) the activity of holding any money or property used for or in connection with another business –

whether carried on by 1 person or 2 or more persons together;

group means a group constituted under this Part, but does not include any member of the group in respect of whom a determination under Division 4 is in force.

68. Grouping provisions to operate independently

The fact that a person is not a member of a group constituted under a provision of this Part does not prevent that person from being a member of a group constituted under another provision of this Part.

Division 2 – Business groups

69. Constitution of groups

A “**group**” is constituted by all the persons or bodies forming a group that is not a part of any larger group.

70. Groups of corporations

Corporations constitute a group if they are related bodies corporate within the meaning of the *Corporations Act 2001* of the Commonwealth.

71. Groups arising from the use of common employees

- (1) If one or more employees of an employer perform duties for or in connection with one or more businesses carried on by the employer and one or more other persons, the employer and each of those other persons constitute a group.
- (2) If one or more employees of an employer are employed solely or mainly to perform duties for or in connection with one or more businesses carried on by one or more other persons, the

Payroll Tax Act 2008
Act No. 16 of 2008

s. 71

Part 5 – Grouping of Employers

employer and each of those other persons constitute a group.

- (3) If one or more employees of an employer perform duties for or in connection with one or more businesses carried on by one or more other persons, being duties performed in connection with, or on fulfilment of the employer's obligation under, an agreement, arrangement or undertaking for the provision of services to any one or more of those other persons in connection with that business or those businesses, the employer and each of those other persons constitute a group.
- (4) Subsection (3) applies to an agreement, arrangement or undertaking –
 - (a) whether the agreement, arrangement or undertaking is formal or informal, express or implied; and
 - (b) whether or not the agreement, arrangement or undertaking provides for duties to be performed by the employees or specifies the duties to be performed by them.

Note: Section 79 (Exclusion of persons from groups) allows the Commissioner, for payroll tax purposes, to exclude persons from a group constituted under this section in certain circumstances.

Payroll Tax Act 2008
Act No. 16 of 2008

Part 5 – Grouping of Employers

s. 72

72. Groups of commonly controlled businesses

- (1) If a person or set of persons has a controlling interest in each of 2 businesses, the persons who carry on those businesses constitute a group.

Note: Section 79 (Exclusion of persons from groups) allows the Commissioner, for payroll tax purposes, to exclude persons from a group constituted under this section in certain circumstances.

- (2) For the purposes of this section, a person or set of persons has a controlling interest in a business if –
- (a) in the case of 1 person, the person is the sole owner (whether or not as trustee) of the business; or
 - (b) in the case of a set of persons, the persons are together as trustees the sole owners of the business; or
 - (c) in the case of a business carried on by a corporation –
 - (i) the person or each of the set of persons is a director of the corporation and the person or set of persons is entitled to exercise more than 50% of the voting power at meetings of the directors of the corporation; or
 - (ii) a director or set of directors of the corporation that is entitled to exercise more than 50% of the voting power at meetings of the

Payroll Tax Act 2008
Act No. 16 of 2008

s. 72

Part 5 – Grouping of Employers

directors of the corporation is under an obligation, whether formal or informal, to act in accordance with the direction, instructions or wishes of that person or set of persons; or

- (d) in the case of a business carried on by a body corporate or unincorporated, that person or set of persons constitute more than 50% of the board of management (by whatever name called) of the body or control the composition of that board; or
- (e) in the case of a business carried on by a corporation that has a share capital, that person or set of persons can, directly or indirectly, exercise, control the exercise of, or substantially influence the exercise of, more than 50% of the voting power attached to the voting shares, or any class of voting shares, issued by the corporation; or
- (f) in the case of a business carried on by a partnership, that person or set of persons –
 - (i) own (whether beneficially or not) more than 50% of the capital of the partnership; or
 - (ii) is entitled (whether beneficially or not) to more than 50% of the profits of the partnership; or

Payroll Tax Act 2008
Act No. 16 of 2008

Part 5 – Grouping of Employers

s. 72

- (g) in the case of a business carried on under a trust, the person or set of persons (whether or not as a trustee of, or beneficiary under, another trust) is the beneficiary in respect of more than 50% of the value of the interests in the first-mentioned trust.

(3) If –

- (a) 2 corporations are related bodies corporate within the meaning of the *Corporations Act 2001* of the Commonwealth; and
- (b) 1 of the corporations has a controlling interest in a business –

the other corporation has a controlling interest in the business.

(4) If –

- (a) a person or set of persons has a controlling interest in a business; and
- (b) a person or set of persons who carry on the business has a controlling interest in another business –

the person or set of persons referred to in paragraph (a) has a controlling interest in that other business.

(5) If –

- (a) a person or set of persons is the beneficiary of a trust in respect of more

Payroll Tax Act 2008
Act No. 16 of 2008

s. 72

Part 5 – Grouping of Employers

than 50% of the value of the interests in the trust; and

- (b) the trustee of the trust (whether alone or together with another trustee or trustees) has a controlling interest in the business of another trust –

the person or set of persons has a controlling interest in the business.

- (6) A person who may benefit from a discretionary trust as a result of the trustee or another person, or the trustee and another person, exercising or failing to exercise a power or discretion, is taken, for the purposes of this Part, to be a beneficiary in respect of more than 50% of the value of the interests in the trust.

- (7) If –

- (a) a person or set of persons has a controlling interest in the business of a trust; and
- (b) the trustee of the trust (whether alone or together with another trustee or trustees) has a controlling interest in the business of a corporation –

the person or set of persons is taken to have a controlling interest in the business of the corporation.

- (8) If –

Payroll Tax Act 2008
Act No. 16 of 2008

Part 5 – Grouping of Employers

s. 73

-
- (a) a person or set of persons has a controlling interest in the business of a trust; and
 - (b) the trustee of the trust (whether alone or together with another trustee or trustees) has a controlling interest in the business of a partnership –

the person or set of persons is taken to have a controlling interest in the business of the partnership.

73. Groups arising from tracing of interests in corporations

- (1) An entity and a corporation form part of a group if the entity has a controlling interest in the corporation.

Note: Section 79 (Exclusion of persons from groups) allows the Commissioner, for payroll tax purposes, to exclude persons from a group constituted under this section in certain circumstances.

- (2) For the purposes of this section, an entity has a “**controlling interest**” in a corporation if the corporation has share capital and –
 - (a) the entity has a direct interest in the corporation and the value of that direct interest exceeds 50%; or
 - (b) the entity has an indirect interest in the corporation and the value of that indirect interest exceeds 50%; or

Payroll Tax Act 2008
Act No. 16 of 2008

s. 73

Part 5 – Grouping of Employers

(c) the entity has an aggregate interest in the corporation and the value of the aggregate interest exceeds 50%.

(3) Division 3 applies for the purposes of the interpretation of this section.

Note: Division 3 sets out the manner for determining whether an entity has a direct interest, indirect interest or aggregate interest in a corporation, and the value of such an interest.

(4) In this section –

associated person means a person who is associated with another person in accordance with any of the following provisions:

- (a) persons are associated persons if they are related persons;
- (b) natural persons are associated persons if they are partners in a partnership;
- (c) private companies are associated persons if common shareholders have a majority interest in each private company;
- (d) trustees are associated persons if any person is a beneficiary common to the trusts (not including a public unit trust scheme) of which they are trustees;

Payroll Tax Act 2008
Act No. 16 of 2008

Part 5 – Grouping of Employers

s. 73

- (e) a private company and a trustee are associated persons if a related body corporate of the company (within the meaning of the *Corporations Act 2001* of the Commonwealth) is a beneficiary of the trust (not including a public unit trust scheme) of which the trustee is a trustee;

domestic partner of a person means a person to whom the person is not married but with whom the person is living as a couple on a genuine domestic basis (irrespective of gender);

entity means –

- (a) a person; or
- (b) 2 or more persons who are associated persons (as defined in this section);

private company means a company that is not limited by shares, or whose shares are not quoted on the Australian Stock Exchange or any exchange of the World Federation of Exchanges;

related person means a person who is related to another person in accordance with any of the following provisions:

- (a) natural persons are related persons if –

Payroll Tax Act 2008
Act No. 16 of 2008

s. 73

Part 5 – Grouping of Employers

- (i) one is the spouse or domestic partner of the other; or
 - (ii) the relationship between them is that of parent and child, brothers, sisters, or brother and sister;
- (b) private companies are related persons if they are related bodies corporate within the meaning of the *Corporations Act 2001* of the Commonwealth;
- (c) a natural person and a private company are related persons if the natural person is a majority shareholder or director of the company or of another private company that is a related body corporate of the company within the meaning of the *Corporations Act 2001* of the Commonwealth;
- (d) a natural person and a trustee are related persons if the natural person is a beneficiary of the trust (not being a public unit trust scheme) of which the trustee is a trustee;
- (e) a private company and a trustee are related persons if the company, or a majority shareholder or director of the

Payroll Tax Act 2008
Act No. 16 of 2008

Part 5 – Grouping of Employers

s. 74

company, is a beneficiary of the trust (not being a public unit trust scheme) of which the trustee is a trustee.

- (5) For the purposes of the definition of “**domestic partner**” in subsection (4), in determining whether persons are domestic partners of each other, all the circumstances of their relationship are to be taken into account, including any one or more of the matters referred to in section 4(3) of the *Relationships Act 2003* as may be relevant in a particular case.

74. Smaller groups subsumed by larger groups

- (1) If a person is a member of 2 or more groups, the members of all the groups together constitute a group.

Note: Section 79 (Exclusion of persons from groups) allows the Commissioner, for payroll tax purposes, to exclude persons from a group constituted under this section in certain circumstances.

- (2) If 2 or more members of a group have together a controlling interest in a business (within the meaning of section 72), all the members of the group and the person or persons who carry on the business together constitute a group.

Division 3 – Business groups – tracing of interests in corporations

75. Application

This Division applies for the purposes of section 73 (Groups arising from tracing of interests in corporations).

76. Direct interest

- (1) An entity has a “**direct interest**” in a corporation if –
 - (a) in the case of an entity that is a person, the person can, directly or indirectly, exercise, control the exercise of, or substantially influence the exercise of, the voting power attached to any voting shares issued by the corporation; or
 - (b) in the case of an entity that is 2 or more persons who are associated persons, each of the associated persons can, directly or indirectly, exercise, control the exercise of, or substantially influence the exercise of, the voting power attached to any voting shares issued by the corporation.
- (2) The value of the direct interest of the entity in the corporation is the proportion (expressed as a percentage) of the voting power of all voting shares issued by the corporation that –
 - (a) in the case of an entity that is a person, the person can directly or indirectly

exercise, control the exercise of, or substantially influence the exercise of, as referred to in subsection (1); or

- (b) in the case of an entity that is 2 or more persons who are associated persons, the associated persons can, if acting together, directly or indirectly exercise, control the exercise of, or substantially influence the exercise of, as referred to in subsection (1).

77. Indirect interest

- (1) An entity has an “**indirect interest**” in a corporation if the corporation is linked to another corporation (the “**directly controlled corporation**”) in which the entity has a direct interest.
- (2) A corporation is linked to a directly controlled corporation if the corporation is part of a chain of corporations –
 - (a) that starts with the directly controlled corporation; and
 - (b) in which a link in the chain is formed if a corporation has a direct interest in the next corporation in the chain.
- (3) The following are examples of how subsections (1) and (2) work (the examples are cumulative):

Payroll Tax Act 2008
Act No. 16 of 2008

s. 77

Part 5 – Grouping of Employers

- (a) corporation A (a directly controlled corporation) has a direct interest in corporation B. Corporations A and B form part of a chain of corporations, and corporation B is linked to corporation A. Accordingly, an entity that has a direct interest in corporation A also has an indirect interest in corporation B;
- (b) corporation B also has a direct interest in corporation C. In this case, corporations A, B and C form part of a chain of corporations. Both corporations B and C are linked to corporation A. The entity that has a direct interest in corporation A has an indirect interest in both corporations B and C;
- (c) corporation B also has a direct interest in corporation D. There are now 2 chains of corporations, one consisting of A, B and C, and one consisting of A, B and D. Corporations B, C and D are all linked to corporation A and an entity that has a direct interest in corporation A would have an indirect interest in corporations B, C and D. An entity that has a direct interest in corporation B would have an indirect interest in corporations C and D. However, an entity that has a direct interest in corporation C only would not have an indirect interest in corporation D, as corporation D is not linked to corporation C.

Payroll Tax Act 2008
Act No. 16 of 2008

Part 5 – Grouping of Employers

s. 77

- (4) The value of the indirect interest of an entity in a corporation (an “**indirectly controlled corporation**”) that is linked to a directly controlled corporation is calculated by multiplying together the following:
- (a) the value of the direct interest of the entity in the directly controlled corporation;
 - (b) the value of each direct interest that forms a link in the chain of corporations by which the indirectly controlled corporation is linked to the directly controlled corporation.
- (5) The following are examples of how subsection (4) works (the examples are cumulative):
- (a) an entity has a direct interest (with a value of 80%) in corporation A. Corporation A has a direct interest (with a value of 70%) in corporation B. The value of the indirect interest of the entity in corporation B is $80\% \times 70\%$ (that is, 56%). Accordingly, in this example the entity has a controlling interest (within the meaning of section 73 (Groups arising from tracing of interests in corporations)) in corporation B;
 - (b) corporation B also has a direct interest (with a value of 40%) in corporation C. The value of the indirect interest of the entity in corporation C is $80\% \times 70\% \times$

Payroll Tax Act 2008
Act No. 16 of 2008

s. 78

Part 5 – Grouping of Employers

40% (that is, 22.4%). Accordingly, in this example the entity does not have a controlling interest in corporation C.

- (6) It is possible for an entity to have more than one indirect interest in a corporation. This may occur if the corporation is linked to more than one corporation in which the entity has a direct interest, or if the corporation is linked to only one corporation in which the entity has a direct interest but is linked through more than one chain of corporations. In that case, the entity has an aggregate interest in the corporation (see section 78 (Aggregation of interests)).

78. Aggregation of interests

- (1) An entity has an “**aggregate interest**” in a corporation if –
- (a) the entity has a direct interest and one or more indirect interests in the corporation;
or
 - (b) the entity has more than one indirect interest in the corporation.
- (2) The value of the aggregate interest of an entity in a corporation is the sum of the following:
- (a) the value of the direct interest (if any) of the entity in the corporation;
 - (b) the value of each indirect interest of the entity in the corporation.
- (3) For example:

Payroll Tax Act 2008
Act No. 16 of 2008

Part 5 – Grouping of Employers

s. 79

- (a) an entity has a direct interest (with a value of 40%) in corporation B;
- (b) the entity also has a direct interest (with a value of 25%) in corporation A, which in turn has a direct interest (with a value of 60%) in corporation B. Accordingly, the entity also has an indirect interest in corporation B with a value of 15% (that is, 25% x 60%);
- (c) the value of the entity's aggregate interest in corporation B is the sum of the direct interest (40%) and the indirect interest (15%), which is 55%;
- (d) accordingly, in this example, the entity has a controlling interest in corporation B (within the meaning of section 73 (Groups arising from tracing of interests in corporations)).

Division 4 – Miscellaneous

79. Exclusion of persons from groups

- (1) The Commissioner may, by order in writing, determine that a person who would, but for the determination, be a member of a group is not a member of the group.
- (2) The Commissioner may only make such a determination if satisfied, having regard to the nature and degree of ownership and control of the businesses, the nature of the businesses and any other matters the Commissioner considers

Payroll Tax Act 2008
Act No. 16 of 2008

s. 80

Part 5 – Grouping of Employers

relevant, that a business carried on by the person, is carried on independently of, and is not connected with the carrying on of, a business carried on by any other member of that group.

- (3) The Commissioner cannot exclude a person from a group if the person is a body corporate that, by reason of section 50 of the *Corporations Act 2001* of the Commonwealth, is related to another body corporate that is a member of that group.
- (4) This section extends to a group constituted by reason of section 74 (Smaller groups subsumed by larger groups).
- (5) A determination can be expressed to take effect on a date that is earlier than the date of the determination.
- (6) The Commissioner may by order in writing revoke a determination that applies in respect of a person if satisfied that the circumstances in which a determination may be made do not apply to the person.
- (7) The revocation of a determination can be expressed to take effect on a date that is earlier than the date of the determination.

80. Designated group employers

- (1) The members of a group may, with the approval of the Commissioner, designate a qualified member of the group to be the designated group employer for the group for the purposes of this Act.

Payroll Tax Act 2008
Act No. 16 of 2008

Part 5 – Grouping of Employers

s. 80

-
- (2) A member of a group is a qualified member if the member –
- (a) has paid during the preceding financial year wages that exceeded \$1 250 000; or
 - (b) is likely to pay during the current financial year wages that are likely to exceed that amount.
- (3) If none of the members of a group is a qualified member but the members together –
- (a) have paid during the preceding financial year wages that exceeded \$1 250 000; or
 - (b) are, in the opinion of the Commissioner, likely to pay during the current financial year wages that will exceed that amount –
- the members may, with the approval of the Commissioner, designate any member of the group to be the designated group employer for the group for the purposes of this Act.
- (4) If the members of a group do not designate a member as the designated group employer within 7 days after the end of the month in which the group is established, the Commissioner may (but is not obliged to) designate any member of the group as the designated group employer.
- (5) The designated group employer of a group stops being the designated group employer from and including the earlier of the following days:

Payroll Tax Act 2008
Act No. 16 of 2008

s. 81

Part 5 – Grouping of Employers

- (a) the first day of a return period during which there is a change in the membership of the group;
 - (b) the first day of a return period during which the members of the group revoke the designation.
- (6) The designation of a designated group employer under subsection (1) or (3) must be by notice in writing.
- (7) Such a notice must –
- (a) be executed by or on behalf of each member of the group; and
 - (b) be served on the Commissioner.

81. Joint and several liability

- (1) If a member of a group fails to pay an amount that the member is required to pay under this Act in respect of any period, every member of the group is liable jointly and severally to pay that amount to the Commissioner.
- (2) If 2 or more persons are jointly or severally liable to pay an amount under this section, the Commissioner may recover the whole of the amount from them, or any of them, or any one of them.
- (3) If, under this section, 2 or more persons are jointly and severally liable to pay an amount that is payable by any one of them, each person is also jointly and severally liable to pay –

Payroll Tax Act 2008
Act No. 16 of 2008

Part 5 – Grouping of Employers

s. 81

- (a) any amount payable to the Commissioner under this or any other Act in relation to that amount, including any interest and penalty tax; and
 - (b) any costs and expenses incurred in relation to the recovery of that amount that the Commissioner is entitled to recover from any such person.
- (4) A person who pays an amount in accordance with the liability imposed by this section has such rights of contribution or indemnity from the other person or persons as are just.
- (5) This section applies whether or not the person was an employer during the relevant period.

PART 6 – ADJUSTMENTS OF TAX

82. Determination of correct amount of payroll tax

- (1) For the purposes of this Part, the “**correct amount of payroll tax**” payable by an employer in respect of a financial year is the amount determined in accordance with Schedule 1 in respect of that financial year.
- (2) This Part applies in respect of payroll tax paid or payable whether as a group employer or as an individual employer.
- (3) If an employer is liable for payroll tax both as an individual employer and as a group employer (for different periods in the same financial year) separate adjustments are to be made under this Part in respect of any period as a group employer and any period as an individual employer (and for that purpose separate determinations of the correct amount of payroll tax payable by the employer are to be made).
- (4) In this Part –

group employer means an employer who is a member of a group;

individual employer means an employer who is not a member of a group.

83. Annual adjustment of payroll tax

- (1) If the amount of payroll tax paid or payable by an employer when the employer made the

Payroll Tax Act 2008
Act No. 16 of 2008

Part 6 – Adjustments of Tax

s. 84

returns relating to a financial year is greater than the correct amount of payroll tax payable by the employer in respect of the financial year, the Commissioner (on application by the employer) is to refund to that employer an amount equal to the difference.

- (2) If the amount of payroll tax paid or payable by an employer when the employer made the returns relating to a financial year is less than the correct amount of payroll tax payable by the employer in respect of the financial year, the employer must pay to the Commissioner as payroll tax an amount equal to the difference.
- (3) Any amount payable by an employer under this section in respect of a financial year must be paid within the period during which the employer is required to lodge a return under this Act in respect of the return period that is or includes the month of June in that financial year.
- (4) The amount of any refund payable to an employer in respect of a financial year under this section is to be reduced by the amount of any other refund of payroll tax made in respect of that financial year to that employer (whether under this section or otherwise) before the time of the refund under this section.

84. Adjustment of payroll tax when employer changes circumstances

- (1) If an employer changes their circumstances during a financial year, the employer must, if the amount of payroll tax paid or payable by the

Payroll Tax Act 2008
Act No. 16 of 2008

s. 84

Part 6 – Adjustments of Tax

employer when the employer made returns relating to the relevant period prior to the change of circumstances is less than the correct amount of payroll tax payable by the employer in respect of the financial year, pay to the Commissioner as payroll tax an amount equal to the difference.

- (2) A “**change of circumstances**” occurs when the employer –
 - (a) ceases to pay or be liable to pay taxable wages and interstate wages; or
 - (b) becomes a group employer (following a period as an individual employer); or
 - (c) ceases to be a group employer (and becomes an individual employer).
- (3) The “**relevant period**” prior to a change of circumstances is the period prior to the change (during the financial year concerned and since any prior change of circumstances) for which the employer paid or was liable to pay taxable wages or interstate wages.
- (4) In calculating for the purposes of this section the correct amount of payroll tax payable by the employer, it is to be assumed that the wages paid or payable by the employer during the relevant period are the only wages paid or payable by the employer during the financial year concerned.
- (5) Any amount payable by an employer under this section in respect of a relevant period must be paid within the period during which the employer is required to lodge a return under this

Payroll Tax Act 2008
Act No. 16 of 2008

Part 6 – Adjustments of Tax

s. 85

Act relating to that relevant period or the last return under this Act relating to the relevant period.

- (6) Any payroll tax paid or payable by an employer under this section is to be included as payroll tax paid or payable by the employer for the purposes of the annual adjustment of payroll tax under this Part.

Note: If an employer ceases to be a group employer during a financial year an adjustment will be made under this section. If later in that financial year the employer ceases to pay wages there will be a further adjustment under this section. The first adjustment will adjust payroll tax paid for the period as a group employer against the correct amount of tax that should have been paid (based on the assumption that the period as a group employer is the only period for which the employer paid wages throughout the year). The second adjustment will adjust payroll tax paid for the period as an individual employer against the correct amount of tax that should have been paid (based on the assumption that the period as an individual employer is the only period for which the employer paid wages throughout the year). Any amount of payroll tax paid under this section is taken into account for the purposes of the annual adjustment of payroll tax.

85. Special provision where wages fluctuate

If a person who did not pay and was not liable to pay taxable wages or interstate wages for any part of a financial year satisfies the Commissioner that, by reason of the nature of the person's trade or business, the taxable wages and interstate wages, if any, paid or payable by the person fluctuate with different periods of the financial year, the Commissioner may determine that the person is to be treated for the purposes of this Part –

Payroll Tax Act 2008
Act No. 16 of 2008

s. 85

Part 6 – Adjustments of Tax

- (a) if the person has conducted that trade or business in Australia during the whole of the financial year, as an employer who pays or is liable to pay taxable wages throughout the financial year; or
- (b) if the person has conducted that trade or business in Australia during part only of the financial year, as an employer who pays or is liable to pay taxable wages throughout that last-mentioned part of the financial year.

Note: The effect of such a determination is that when the correct amount of payroll tax is calculated (for the purposes of a tax adjustment provided for by this Part) the employer may receive the benefit of the thresholds in Schedule 1 for the period for which the employer is to be treated as paying wages, and not just for the period for which the employer actually pays wages. Without such a determination, an employer may only receive the benefit of a proportion of the thresholds that is equivalent to the proportion of the whole financial year for which the employer actually pays wages.

PART 7 – REGISTRATION AND RETURNS

86. Registration

- (1) An employer who is not already registered must apply for registration as an employer under this Act if –
 - (a) during a month the employer pays or is liable to pay, anywhere, wages of more than \$24 038 per week that are wholly or partly taxable wages; or
 - (b) the employer is a member of a group the members of which together during a month pay or are liable to pay, anywhere, wages of more than \$24 038 per week that are wholly or partly taxable wages.
- (2) The application for registration is to be made to the Commissioner in a form and manner approved by the Commissioner within 7 days after the end of the month concerned.
- (3) The Commissioner is to register the applicant as an employer under this Act.
- (4) The Commissioner may cancel the registration of a person as an employer if satisfied that the person has ceased to pay or to have a liability to pay wages as described in subsection (1).
- (5) If the Commissioner cancels the registration of a person as an employer in any financial year and that person subsequently pays or is liable to pay taxable wages during that financial year the

Payroll Tax Act 2008
Act No. 16 of 2008

s. 87

Part 7 – Registration and Returns

person may, despite the fact that the person is not required to apply for registration, apply to the Commissioner (in a form and manner approved by the Commissioner) for registration as an employer, and the Commissioner is then to register the person as an employer under this Act.

87. Returns

- (1) Every employer who is registered or required to apply for registration as an employer under this Act must –
 - (a) within 7 days after the end of each month except June, lodge with the Commissioner a return relating to that month; and
 - (b) within 21 days after the end of June in each year, lodge with the Commissioner a return relating to that month and to the adjustment of payroll tax paid or payable by the employer during the financial year ending on the close of that month.
- (2) The designated group employer for a group may, with the approval of the Commissioner, lodge a joint return for the purposes of this section covering specified members of the group (including the designated group employer).
- (3) If a joint return is lodged and the return would, if lodged by a single employer, comply with this section, each of the employers covered by the

Payroll Tax Act 2008
Act No. 16 of 2008

Part 7 – Registration and Returns

s. 87

return is taken to have complied with this section.

PART 8 – COLLECTION AND RECOVERY OF TAX

Division 1 – Agents and trustees generally

88. Application

- (1) This Division applies to an agent of or trustee for an employer.
- (2) Nothing in this Division limits or otherwise affects the application of Part 5 to an agent or trustee, or 2 or more persons one or more of whom is an agent or trustee.

89. Agents and trustees are answerable

An agent or trustee is answerable as the employer for the doing of all things that are required to be done by or under this Act in respect of the payment of any wages which are subject to payroll tax under this Act.

90. Returns by agent or trustee

- (1) An agent or trustee must, in respect of the wages referred to in section 89, make the returns required under Part 7, but in a representative capacity only, and each return must, except as otherwise provided by this Act, be separate and distinct from any other.
- (2) In the case of an executor or administrator, the returns must be the same as far as practicable as the deceased person, if living, would have been liable to make.

Payroll Tax Act 2008
Act No. 16 of 2008

91. Liability to pay tax

- (1) An agent or trustee is personally liable for tax on the wages referred to in section 89 if –
 - (a) after the Commissioner has required the agent or trustee to make a return; or
 - (b) while the tax remains unpaid –

the agent or trustee, except with the written permission of the Commissioner, disposes of or parts with any fund or money which comes to the agent or trustee from or out of which tax could legally be paid.
- (2) Otherwise than as provided in subsection (1), the agent or trustee is not personally liable to pay the tax in a representative capacity.
- (3) The agent or trustee must retain from time to time out of any money which comes to the agent or trustee in a representative capacity enough to pay the tax.
- (4) For the purpose of ensuring the payment of tax, the Commissioner has the same remedies against attachable property of any kind vested in or under the control or management or in the possession of the agent or trustee, as the Commissioner has against the property of any other person in respect of tax, and in as full and ample a manner.

Payroll Tax Act 2008
Act No. 16 of 2008

s. 92

Part 8 – Collection and Recovery of Tax

92. Indemnity for agent or trustee

- (1) An agent or trustee is indemnified for all payments that the agent or trustee makes under this Act or in accordance with the requirements of the Commissioner.
- (2) An agent or trustee who pays tax as agent or trustee may recover the amount paid from the person on whose behalf it was paid, or deduct it from any money in the agent's or trustee's hands belonging to that person.

Division 2 – Special cases

93. Tax not paid during lifetime

- (1) This section applies if, whether intentionally or not, a person escapes full payment of tax in his or her lifetime by reason of not having duly made full, complete and accurate returns.
- (2) The Commissioner has the same powers and remedies against the trustees of the estate of the person in respect of the liability to which the person was subject as the Commissioner would have had against the person if the person were still living.
- (3) The trustees must lodge the returns under this Act that the Commissioner requires.
- (4) The trustees are subject to tax to the same extent as the deceased person would be subject to tax if he or she were still living, but the Commissioner, in any circumstances the Commissioner

Payroll Tax Act 2008
Act No. 16 of 2008

considers appropriate, may remit tax payable by the trustees under this section by any amount.

- (5) The amount of any tax payable by the trustees is a charge on all the deceased person's estate in their hands in priority to all other encumbrances.

94. Payment of tax by executors or administrators

- (1) If, at the time of an employer's death, he or she had not paid the whole of the tax payable up to the date of death, the Commissioner has the same powers and remedies for the assessment and recovery of tax from the executors and administrators as the Commissioner would have had against the employer, if the employer were alive.
- (2) The executors or administrators must lodge any of the returns referred to in Part 7 that have not been lodged by the deceased.

95. Assessment if no probate within 6 months of death

- (1) If, in respect of the estate of any deceased employer, probate has not been granted or letters of administration have not been taken out within 6 months after the death, the Commissioner may make an assessment under section 18 of the *Taxation Administration Act 1997* of the tax liability of the deceased under this Act.
- (2) The Commissioner must cause notice of the assessment to be published twice in a daily

Payroll Tax Act 2008
Act No. 16 of 2008

s. 96

Part 8 – Collection and Recovery of Tax

newspaper circulating in the State or Territory in which the deceased resided.

- (3) Any person claiming an interest in the estate of the deceased may, within 60 days after the first publication of notice of the assessment, lodge an objection with the Commissioner in accordance with Division 1 of Part 10 of the *Taxation Administration Act 1997*.
- (4) Subject to any amendment of the assessment by the Commissioner or by the Supreme Court, the assessment so made is conclusive evidence of the indebtedness of the deceased to the Commissioner.
- (5) However, if probate of the will or letters of administration of the estate of the deceased is or are granted to a person after the assessment is first published, that person may, within 60 days after the date of the grant, lodge an objection in accordance with Division 1 of Part 10 of the *Taxation Administration Act 1997*.

96. Person in receipt or control of money for absentee

- (1) This section applies to a person (the “**controller**”) who has the receipt, control or disposal of money belonging to a person resident out of Australia (the “**principal**”) if the principal is liable to pay tax under this Act.
- (2) The controller must pay the tax payable by the principal at the time, or within the period, specified by the Commissioner.

Payroll Tax Act 2008
Act No. 16 of 2008

- (3) A controller who pays tax in accordance with subsection (2) may recover the amount paid from the principal or deduct it from any money in the controller's hands belonging to the principal.
- (4) A controller must from time to time retain out of any money which comes to the controller on behalf of the principal so much as is sufficient to pay the tax which is or will become due by the principal.
- (5) A controller is personally liable for the tax payable by the controller on behalf of the principal if –
- (a) after the tax becomes payable; or
 - (b) after the Commissioner has required the controller to pay the tax –
- the controller, except with the written permission of the Commissioner, disposes of or parts with any fund or money then in the controller's possession, or which comes to the controller from or out of which the tax could legally be paid.
- (6) Otherwise than as provided in subsection (5), a controller is not personally liable to pay the tax payable by the principal.
- (7) A controller is indemnified for all payments which the controller makes under this Act or in accordance with the requirements of the Commissioner.

Payroll Tax Act 2008
Act No. 16 of 2008

s. 97

Part 8 – Collection and Recovery of Tax

97. Agent for absentee principal winding-up business

- (1) If an agent for an absentee principal has been required by the principal to wind-up the principal's business, the agent must notify the Commissioner of the intention to wind-up the business before taking any steps to wind it up.

Penalty: Fine not exceeding 5 penalty units.

- (2) After receiving notice under subsection (1), the Commissioner may notify the agent in writing of –

- (a) the amount (if any) of payroll tax for which the principal is liable; and
- (b) the date (at least 21 days after the notice is given) by which the tax must be paid.

- (3) An agent who is given notice under subsection (2) must –

- (a) set aside an amount out of the assets of the principal's business that is sufficient to pay the tax; and
- (b) pay the tax to the Commissioner by the date specified in the notice.

Penalty: Fine not exceeding 5 penalty units.

- (4) If an agent contravenes this section, the agent is personally liable for any tax that becomes payable in respect of the principal's business.

Payroll Tax Act 2008
Act No. 16 of 2008

98. Recovery of tax paid on behalf of another person

A person who, under the provisions of this Act, pays any tax for or on behalf of another person is entitled to recover the amount so paid from the other person as a debt, together with the costs of recovery, or to retain or deduct that amount out of any money in the person's hands belonging or payable to the other person.

99. Liquidator to give notice

- (1) Within 14 days after becoming liquidator of a company that has been an employer registered or required to be registered under this Act, the liquidator must give the Commissioner notice in writing of the liquidator's appointment.
- (2) As soon as practicable after receiving the notice, the Commissioner must notify the liquidator of the amount that appears to the Commissioner to be sufficient to provide for any tax which is or will become payable by the company.
- (3) The liquidator –
 - (a) must not without leave of the Commissioner part with any of the assets of the company until the liquidator has been so notified; and
 - (b) must set aside out of the assets available for the payment of the tax, assets to the value of the amount so notified, or the whole of the assets so available if they are of less than that value; and

Payroll Tax Act 2008
Act No. 16 of 2008

s. 99

Part 8 – Collection and Recovery of Tax

- (c) is, to the extent of the value of the assets which the liquidator is so required to set aside, liable as trustee to pay the tax.
- (4) A liquidator must not fail –
 - (a) to comply with this section; or
 - (b) as trustee duly to pay the tax for which the liquidator is liable under subsection (3).

Penalty: Fine not exceeding 50 penalty units.

- (5) If a liquidator commits an offence against subsection (4), the liquidator is personally liable to pay the tax, to the extent of the value of the assets of which the liquidator has taken possession and which are, or were at any time, available to the liquidator for the payment of the tax.
- (6) If more than one person is appointed as liquidator or required by law to carry out the winding-up of a company –
 - (a) the obligations and liabilities attaching to a liquidator under this section attach to each of those persons; and
 - (b) if any one of those persons has paid the tax due in respect of the company being wound-up, the others are each liable to pay that person that person's equal share of the amount of the tax so paid.

Payroll Tax Act 2008
Act No. 16 of 2008

Part 8 – Collection and Recovery of Tax

s. 99

- (7) Despite anything in this section, all costs, charges and expenses that, in the Commissioner's opinion, have been properly incurred by a liquidator in the winding-up of a company, including the remuneration of the liquidator, may be paid out of the assets of the company in priority to any tax payable in respect of the company.
- (8) Nothing in this section –
- (a) limits the liability of a liquidator under section 91; or
 - (b) affects any of the provisions of the *Corporations Act 2001* of the Commonwealth.

PART 9 – GENERAL

100. Provisions specific to this jurisdiction

Schedule 2, which contains provisions that are applicable only to this jurisdiction, has effect.

101. Regulations

- (1) The Governor may make regulations, not inconsistent with this Act, for or with respect to any matter that by this Act is required or permitted to be prescribed or that is necessary or convenient to be prescribed for carrying out or giving effect to this Act.
- (2) In particular, the Governor may make regulations for or with respect to the following:
 - (a) the manner of making any application to the Commissioner under this Act;
 - (b) the evidence that the Commissioner may require for the purpose of determining whether or not –
 - (i) an employer was an employer for part only of a financial year; or
 - (ii) a person was a member of a group at any time or during any period;
 - (c) the signing of returns, applications, notices, statements or forms by or on behalf of employers and deeming any

return, application, notice, statement or form signed on behalf of an employer to have been signed by the employer;

(d) the authentication of any certificate, notice or other document issued for the purpose of this Act or any regulation.

(3) A regulation may create an offence punishable by a penalty not exceeding 20 penalty units.

102. Nature of proceedings for offences

Proceedings for an offence under this Act or the regulations may be dealt with summarily before a court of petty sessions.

103. Administration of Act

Until provision is made in relation to this Act by order under section 4 of the *Administrative Arrangements Act 1990* –

(a) the administration of this Act is assigned to the Treasurer; and

(b) the department responsible to the Treasurer in relation to the administration of this Act is the Department of Treasury and Finance.

104. Savings, transitional and other provisions

Schedule 3 has effect.

Payroll Tax Act 2008
Act No. 16 of 2008

s. 105

Part 9 – General

105. *See Schedule 4.*

106. Legislation repealed

The legislation specified in Schedule 5 is rescinded.

104. Legislation rescinded

The legislation specified in Schedule 6 is rescinded.

**SCHEDULE 1 – CALCULATION OF PAYROLL TAX
LIABILITY FOR FINANCIAL YEAR COMMENCING
1 JULY 2008 AND SUBSEQUENT FINANCIAL YEARS**

Sections 8 and 82

PART 1 – INTERPRETATION

1. Definitions

In this Schedule –

financial year means the financial year commencing on 1 July 2008 or on 1 July in any subsequent financial year;

FY is the number of days in the financial year;

R₁ is 4%;

R₂ is 6.1%;

relevant financial year means the financial year to which the calculation of the relevant payroll tax relates;

TA or *threshold amount* is \$1 250 000 for a financial year commencing on or after 1 July 2018;

TTB or *top tax bracket threshold* is \$2 000 000 for a financial year commencing on or after 1 July 2018.

**PART 2 – EMPLOYERS WHO ARE NOT MEMBERS
OF A GROUP**

2. Application of Part

This Part applies only to an employer who is not a member of a group.

3. Definitions

In this Part –

C is the number of days in the relevant financial year in respect of which the employer paid or was liable to pay taxable wages or interstate wages (otherwise than as a member of a group);

initial threshold, in relation to an employer in a financial year, means the amount calculated under clause 4(1) by the employer in respect of the relevant financial year;

IW represents the total interstate wages paid or payable by the employer concerned (otherwise than as a member of a group) during the relevant financial year;

subsequent threshold, in relation to an employer in a financial year, means the amount calculated, if required, under clause 4(3) by the employer in respect of the relevant financial year;

TW represents the total taxable wages paid or payable by the employer concerned (otherwise than as a member of a group) during the relevant financial year.

4. Payroll tax liability of employers not part of Group

- (1) For the purposes of determining an employer's liability to pay payroll tax in a financial year, the employer is to calculate the initial threshold for the employer in that year in accordance with the following formula:

$$TA \times \frac{C}{FY}$$

- (2) An employer is not liable to pay payroll tax for a financial year if the total taxable wages and interstate wages paid or payable by the employer (otherwise than as a member of a group) during that year is not more than the initial threshold for the employer in that year.
- (3) If the total taxable wages and interstate wages paid or payable by an employer (otherwise than as a member of a group) during a relevant financial year is more than the initial threshold for the employer, the employer is to calculate the subsequent threshold for the employer in that year in accordance with the following formula:

$$TTB \times \frac{C}{FY}$$

- (4) If the total taxable wages and interstate wages paid or payable by an employer (otherwise than

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 1

as a member of a group) during a financial year is more than the initial threshold for that employer in that year but not more than the subsequent threshold for that employer in that year, the employer is liable to pay as payroll tax for that year the amount of dollars calculated in accordance with the following formula:

$$\left[TW - \left[\frac{TW}{TW + IW} \times TA \times \frac{C}{FY} \right] \right] \times R_1$$

- (5) If the total taxable wages and interstate wages paid or payable by an employer (otherwise than as a member of a group) during a financial year is more than the subsequent threshold for that employer in that year, the employer is liable to pay as payroll tax for that year the amount of dollars calculated in accordance with the following formula:

$$\left[[TTB - TA] \times \frac{TW}{TW + IW} \times \frac{C}{FY} \times R_1 \right] + \left[\left[TW - \left[\frac{TW}{TW + IW} \times TTB \times \frac{C}{FY} \right] \right] \times R_2 \right]$$

5.

**PART 3 – GROUPS WITH A DESIGNATED GROUP
EMPLOYER**

6. Application of Part

This Part applies only to an employer who is a member of a group for which there is a designated group employer.

7. Definitions

In this Part –

C is the number of days in the relevant financial year in respect of which at least one member of the group paid or was liable to pay (as a member of the group) taxable wages or interstate wages;

GIW represents the total interstate wages paid or payable by the group concerned during the relevant financial year;

GTW represents the total taxable wages paid or payable by the group concerned during the relevant financial year;

initial threshold, in relation to a group in a financial year, means the amount calculated under clause 8(1) for the group in respect of the relevant financial year;

subsequent threshold, in relation to a group in a financial year, means the amount calculated, if required, under clause 8(2) for the group in respect of the relevant financial year;

TW represents the total taxable wages paid or payable by the employer concerned (as a member of the group) during the relevant financial year.

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 1

8. Thresholds for determining relevant rate of payroll tax for group

- (1) For the purposes of determining a group's liability to pay payroll tax in a financial year, the group is to calculate the initial threshold for the group in that year in accordance with the following formula:

$$TA \times \frac{C}{FY}$$

- (2) If the total taxable wages and interstate wages paid or payable by a group during a relevant financial year is more than the initial threshold for the group, the group is to calculate the subsequent threshold for the group in that year in accordance with the following formula:

$$TTB \times \frac{C}{FY}$$

9. Payroll of group not more than initial threshold

None of the members of a group is liable to pay payroll tax for the financial year if the total taxable wages and interstate wages paid or payable by the group during that year is not more than the initial threshold for the group in that year.

9A. Payroll of group not more than subsequent threshold

- (1) If the total taxable wages and interstate wages paid or payable by a group during the financial

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 1

year is more than the initial threshold for the group but not more than the subsequent threshold for the group in that year, payroll tax is payable as provided by subclauses (2) and (3).

- (2) The designated group employer for the group is liable to pay as payroll tax for the financial year the amount of dollars calculated in accordance with the following formula:

$$\left[\text{TW} - \left[\frac{\text{GTW}}{\text{GTW} + \text{GIW}} \times \text{TA} \times \frac{\text{C}}{\text{FY}} \right] \right] \times \text{R}_1$$

- (3) Each member of the group, other than that designated group employer, is liable to pay as payroll tax for the financial year the amount of dollars calculated in accordance with the following formula:

$$\text{TW} \times \text{R}_1$$

9B. Payroll of group more than subsequent threshold

- (1) If the total taxable wages and interstate wages paid or payable by a group during the financial year is more than the subsequent threshold for the group, payroll tax is payable as provided by subclauses (2) and (3).
- (2) The designated group employer for the group is liable to pay as payroll tax for the financial year the amount of dollars calculated in accordance with the following formula:

$$\left[[\text{TTB} - \text{TA}] \times \frac{\text{GTW}}{\text{GTW} + \text{GIW}} \times \frac{\text{C}}{\text{FY}} \times \text{R}_1 \right] + \left[\left[\text{TW} - \left[\frac{\text{GTW}}{\text{GTW} + \text{GIW}} \times \text{TTB} \times \frac{\text{C}}{\text{FY}} \right] \right] \times \text{R}_2 \right]$$

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 1

- (3) Each member of the group, other than that designated group employer, is liable to pay as payroll tax for the financial year the amount of dollars calculated in accordance with the following formula:

$$TW \times R_2$$

**PART 4 – GROUPS WITH NO DESIGNATED GROUP
EMPLOYER**

10. Application of Part

This Part applies only to an employer who is a member of a group for which there is no designated group employer.

11. Definitions

In this Part –

TW represents the total taxable wages paid or payable by the employer concerned (as a member of the group) during the relevant financial year.

12. Calculation of payroll tax

Each member of the group is liable to pay as payroll tax for the financial year the amount of dollars calculated in accordance with the following formula:

$$TW \times R_2$$

PART 5 – MOTOR VEHICLE ALLOWANCES

13. Continuous recording method

If an employer selects the continuous recording method for the purposes of determining the number of business kilometres travelled during the financial year, the following details are required to be recorded by the employer:

- (a) the odometer readings at the beginning and end of each business journey undertaken by the person during a financial year by means of a motor vehicle provided or maintained by the person;
- (b) the specific purpose for which each such business journey was taken;
- (c) the distance travelled by the person during the financial year in the course of all such business journeys (which is taken to be the “**number of business kilometres travelled during the financial year**”), calculated on the basis of the odometer readings referred to in paragraph (a).

14. Averaging method

- (1) If an employer selects the averaging method for the purposes of determining the number of

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 1

business kilometres travelled during the financial year, the following details are required to be recorded by the employer:

- (a) the odometer readings at the beginning and end of each business journey undertaken by the person during the relevant 12-week period by means of a motor vehicle provided or maintained by the person;

Note: Clause 15 defines the relevant 12-week period.

- (b) the specific purpose for which each such business journey was taken;
- (c) the distance travelled by the person during the relevant 12-week period in the course of all such business journeys, calculated on the basis of the odometer readings referred to in paragraph (a);
- (d) the odometer readings at the beginning and end of the relevant 12-week period for each motor vehicle provided or maintained by the person for the purpose of undertaking business journeys;
- (e) the distance travelled by each such vehicle during the relevant 12-week period, calculated on the basis of the odometer readings referred to in paragraph (d);
- (f) the distance travelled by the person in the course of business journeys undertaken

- by means of each such vehicle during the relevant 12-week period, calculated as a percentage of the distance travelled by that vehicle during that period (the “**relevant percentage**”);
- (g) the odometer readings at the beginning and end of the financial year for each vehicle provided or maintained by the person for the purpose of undertaking business journeys;
 - (h) the distance travelled by each such vehicle during the financial year, calculated on the basis of the odometer readings referred to in paragraph (g);
 - (i) the distance travelled by the person in the course of business journeys undertaken by means of each such vehicle during the financial year (which is taken to be the “**number of business kilometres travelled during the financial year**”), calculated on the basis that the percentage of that distance that was travelled by the person in the course of business journeys undertaken by means of each such vehicle during the financial year is the same as the relevant percentage.
- (2) For the next succeeding 4 financial years after the first financial year in which odometer details are recorded in accordance with subclause (1), an employer is not required to calculate the relevant percentage, or record the details referred

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 1

to in subclause (1)(a) – (f), for the person but is required to record the other details referred to in that subclause.

- (3) Accordingly, for the next succeeding 4 financial years after the first financial year in which odometer details are recorded in accordance with subclause (1), the number of business kilometres travelled during the financial year is to be calculated (as referred to in subclause (1)(i)) on the basis of the relevant percentage calculated for the first financial year.
- (4) Despite subclauses (2) and (3), an employer is required to calculate the relevant percentage for a financial year, and record the details referred to in subclause (1)(a) – (f), if –
 - (a) the Commissioner serves a notice on the employer before the commencement of a financial year during that period directing the employer to keep the details referred to in subclause (1)(a) – (f) for that financial year; or
 - (b) the employer wishes to use the recording method referred to in this clause for one or more additional motor vehicles used by the person in any financial year or for any other reason.
- (5) In a situation referred to in subclause (4), the new record for the financial year replaces the relevant percentage details previously recorded and subclauses (2) and (3) apply in relation to the new record for the financial year as if it were

the first financial year in which odometer details were recorded.

- (6) An employer who has adopted and employed the method of recording referred to in subclauses (2) and (3) for a person for 4 successive financial years must, in the next succeeding financial year, make a fresh recording of all the details specified in subclause (1) if the employer intends to continue to use the same method of recording for the person. Subclauses (2) and (3) then apply in relation to the new record for the financial year as if it were the first financial year in which odometer details were recorded.
- (7) If the odometer of a motor vehicle is replaced or recalibrated during any period for which its readings are relevant for the purposes of this clause, the odometer readings immediately before and after the replacement or recalibration are to be recorded.

15. Meaning of relevant 12-week period

- (1) In clause 14, “**relevant 12-week period**” means a continuous period of at least 12 weeks, selected by the employer, throughout which a motor vehicle is provided or maintained by a person. If the motor vehicle is provided or maintained for less than 12 weeks, the period must be the entire period for which the motor vehicle is provided or maintained.
- (2) The period may overlap the start or end of the financial year, so long as it includes part of the year.

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 1

- (3) If the averaging method is used for 2 or more motor vehicles for the same financial year, the odometer readings for those motor vehicles must cover periods that are concurrent.

16. Replacing one motor vehicle with another motor vehicle

- (1) For the purposes of using the averaging method, an employer may nominate one motor vehicle as having replaced another motor vehicle with effect from a day specified in the nomination.
- (2) After the nomination takes effect, the replacement motor vehicle is treated as the original motor vehicle, and the original motor vehicle is treated as a different motor vehicle. An employer need not repeat for the replacement vehicle the steps already taken for the original motor vehicle.
- (3) An employer must record the nomination in writing in the financial year in which the nomination takes effect.
- (4) However, the Commissioner may allow an employer to record the nomination at a later time.

17. Changing method or recording

- (1) An employer may change from using the averaging method to using the continuous recording method with effect from the beginning

of a financial year if the employer complies with clause 13 in respect of the financial year.

- (2) An employer may change from using the continuous recording method to using the averaging method with effect from the beginning of a financial year if the employer complies with clause 14 in respect of the financial year.

18. Definition

In this Part –

business journey means –

- (a) a journey undertaken in a motor vehicle by a person otherwise than in the application of the vehicle to a private use, being an application that, if the person is paid a motor vehicle allowance for that use, results in the provision of a fringe benefit (within the meaning of the FBTA Act) by the employer; or
- (b) a journey undertaken in a motor vehicle by a person in the course of producing assessable income of the person (within the meaning of the *Income Tax Assessment Act 1936* of the Commonwealth).

SCHEDULE 2 – TASMANIA-SPECIFIC PROVISIONS

Sections 8 and 100

PART 1 – INTRODUCTION

1. Introduction to Schedule

This Schedule sets out provisions that apply only in this jurisdiction.

PART 2 – CALCULATION OF PAYROLL TAX

2. Calculation by reference to return period

The amount of payroll tax that an employer is required to pay in respect of taxable wages paid or payable by the employer in a financial year or a part of a financial year is a proportion (equivalent to the ratio of the number of days to which the return relates to the number of days in the financial year) of the payroll tax that would be payable by the employer for the whole of that year.

3. Amount payable for whole of financial year

For the purposes of this Part, the payroll tax that would be payable by an employer for the whole of a financial year is to be ascertained on the basis of the following assumptions:

- (a) the assumption that the employer pays or is liable to pay taxable wages for the whole of the financial year;

- (b) the assumption that the total amount of taxable wages paid or payable by the employer during the financial year is a multiple (equivalent to the ratio of the number of days in the financial year to the number of days to which the return relates) of the taxable wages paid or payable by the employer during the period to which the return relates.

PART 3 – EXEMPTIONS

Division 1 – Education and training

4. Schools and colleges

Wages are exempt wages if they are paid or payable by a school or college (other than a technical school or a technical college) that –

- (a) provides education at or below, but not above, the secondary level of education; and
- (b) is carried on by a body corporate, society or association otherwise than for the purpose of profit or gain to the individual members of the body corporate, society or association and is not carried on by or on behalf of the State of Tasmania.

5. Exemption for non-profit group apprenticeship and traineeship schemes

Wages are exempt wages if they are paid or payable to an employee who is employed for the purposes of administering or participating in a group apprenticeship or group training scheme by a non-profit group training organisation that is registered with the Tasmanian Traineeships and Apprenticeships Committee.

(a - b)

Division 2 – Health care service providers

6. What is a health care service provider?

For the purposes of Division 3 of Part 4 of this Act, a “**health care service provider**” is –

- (a) a public hospital; or
- (b) a hospital that is carried on by a society or association otherwise than for the purposes of profit or gain to the individual members of the society or association.

Division 3 – Businesses relocating to regional Tasmania

6A. Definitions

(1) In this Division –

eligible employee, of a relocating employer, means an employee who is physically

located within regional Tasmania while performing at least 80% of his or her work for that business;

eligible period means the period commencing on 1 July 2018 and ending on 30 June 2021;

regional Tasmania means a municipal area other than the municipal areas of Hobart, Glenorchy, Clarence and Kingborough, within the meaning of the *Local Government Act 1993*;

relocated business means the existing business, or part of that business, of a relocating employer that –

- (a) is relocated or extended into regional Tasmania within the eligible period; and
- (b) makes the employer a relocating employer;

relocating employer – see clause 6B.

- (2) For the avoidance of doubt, a takeover or merger, or similar acquisition, of a business currently operating in Tasmania by an employer does not constitute the relocation or extension of an existing business of that employer.
- (3) For the purposes of this Division, an existing business commences physical operations in regional Tasmania on the first day when both of the following occur in respect of the business:

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 2

- (a) the business operates out of real property in regional Tasmania such as store fronts, offices, storage or similar property;
- (b) an employee of the employer is working at that property and is being paid wages by the employer for that work.

6B. Meaning of relocating employer

- (1) An employer is a relocating employer for the purposes of this Division if the employer –
 - (a) is operating an existing business in a location other than Tasmania; and
 - (b) relocates all or part of that existing business to, or extends that existing business into, regional Tasmania during the eligible period; and
 - (c) as a result of that relocation or extension, the existing business commences physical operations in regional Tasmania; and
 - (d) in the 5-year period immediately before the existing business commences physical operations in regional Tasmania, was not paying taxable wages or exempt wages.
- (2) Despite subclause (1), an employer is not a relocating employer for the purposes of this Division if –

- (a) the employer is a member of a group;
and
- (b) a member of the group has paid taxable wages or exempt wages in the 5-year period immediately before the relocation or extension of an existing business under subclause (1)(b).

6C. Exemption for relocated businesses

Wages are exempt wages if –

- (a) the wages are paid or payable by a relocating employer during the 3-year period immediately after the relocated business of that employer commenced physical operations in regional Tasmania; and
- (b) the wages are paid or payable to an eligible employee in respect of the eligible employee's employment at that relocated business; and
- (c) the relocating employer –
 - (i) declares, in a form approved by the Commissioner, the amount of wages paid or payable to an eligible employee in accordance with paragraph (b); and
 - (ii) submits that declaration, and any other information requested by the Commissioner, to the

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 2

Commissioner not later than 21 days after the end of the financial year in which those wages were paid or payable.

PART 4 – GOVERNMENT ENTITIES – SPECIAL PROVISIONS

7. Definitions

In this Part –

Agency means a Government department or organisation specified for the time being in Column 1 of Part 1 or 2 of Schedule 1 to the *Financial Management Act 2016*;

Government Business Enterprise means a statutory authority specified in Schedule 1 to the *Government Business Enterprises Act 1995*;

Government entity means –

- (a) an Agency; or
- (b) a State authority; or
- (c) the Office of the Governor; or
- (d) the House of Assembly; or
- (e) the Legislative Council; or
- (f) the Legislature-General; or
- (g) a prescribed entity –

but does not mean a Government Business Enterprise or State-owned company;

Legislature-General means the Legislature-General as referred to in an Appropriation Act;

State authority means a body or authority, whether incorporated or not, that is established or constituted under a written law or under the royal prerogative, being a body or authority which, or of which the governing authority, wholly or partly comprises a person or persons appointed by the Governor, a Minister or another State authority, but does not include an Agency;

State-owned company means a company incorporated under the *Corporations Act 2001* of the Commonwealth that is controlled by –

- (a) the Crown; or
- (b) a State authority; or
- (c) another company which is itself controlled by the Crown or a State authority.

7A. Exempt Government entities

- (1) Wages are exempt wages if they are paid by a Government entity that the Minister, by notice

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 2

published in the *Gazette*, declares to be an exempt Government entity for this Act.

- (2) A notice under subclause (1) is not a statutory rule for the purposes of the *Rules Publication Act 1953*.
- (3) In this clause –

Government entity includes a part of a Government entity.

8. Application of this Act to Government Business Enterprises and State-owned Companies

For the purposes of this Act, each Government Business Enterprise and State-owned Company is taken to be a separate employer.

9.

10. Grouping of Government Business Enterprises and State-owned Companies

For the purposes of Part 5 (Grouping of Employers) of this Act, a Government Business Enterprise or a State-owned Company is not a member of the same group as another Government Business Enterprise or State-owned Company because of section 72.

PART 4A – SPECIAL PANDEMIC PROVISIONS

10A. Interpretation

In this Part –

Director of Public Health means the Director of Public Health appointed under section 6 of the *Public Health Act 1997*.

10B. Minister may make order

- (1) The Minister, by order and on one or more occasions, may do one or more of the following:
 - (a) waive the payment of payroll tax under this Act in respect of the taxable wages paid to an employee, or a specified class of employee, by an employer;
 - (b) waive the requirement to lodge a specified document or return, or a specified class of documents or returns, under this Act;
 - (c) waive a process of an administrative nature, or a class of processes of an administrative nature, required under this Act.
- (2) A waiver specified in an order under subclause (1) may be made unconditionally or on such conditions, limitations, restrictions, exceptions or circumstances as the Minister specifies in the order.

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 2

- (3) The Minister may only make an order under subclause (1) before the first anniversary of being notified by the Director of Public Health in accordance with clause 10E.
- (4) An order under subclause (1) –
 - (a) must specify a period for which each waiver specified in the order is in force; and
 - (b) if the order specifies a waiver in respect of the requirement to lodge a return for a specified period, may specify a return period even if the return period has already commenced, or commenced and ended, before the order takes effect.
- (5) An order under subclause (1) must not take effect for a period of at least 14 days, after the day on which the making of the order is notified in the *Gazette*, if –
 - (a) the order revokes another order under subclause (1); or
 - (b) the order amends another order under subclause (1) by reducing the period for which the other order has effect.
- (6) Section 47(3), (3A), (4), (5), (6) and (7) of the *Acts Interpretation Act 1931* applies to an order under subclause (1) as if the order were regulations within the meaning of that Act.
- (7) An order under subclause (1) ceases to have effect at the first of the following:

- (a) if the order specifies a period for which the order is in force, the expiry of that period;
 - (b) the Minister revokes the order;
 - (c) on the first anniversary of the Minister being notified by the Director of Public Health in accordance with clause 10E.
- (8) An order under subclause (1) –
- (a) is a statutory rule for the purposes of the *Rules Publication Act 1953*; and
 - (b) is not an instrument of a legislative character for the purposes of the *Subordinate Legislation Act 1992*.

10C. Effect of order

For the avoidance of doubt –

- (a) if an order under clause 10B(1) waives the payment of payroll tax under this Act in respect of taxable wages, those wages remain taxable wages for all other purposes under this Act; and
- (b) a waiver granted under an order under clause 10B(1) does not remove any other obligation under this Act or any other taxation law.

10D. Power of Commissioner to make determination

- (1) If an order is made under clause 10B(1), the Commissioner may do anything necessary or convenient to give effect to the order, including making a determination as to whether, or how, the order applies in specified circumstances, or a specified class of circumstances.
- (2) A determination, or decision, of the Commissioner under subclause (1) is a non-reviewable decision for the purposes of the *Taxation Administration Act 1997*.

10E. Power of Director of Public Health to notify Minister

If the Director of Public Health is of the opinion that there is no longer a public health emergency, within the meaning of the *Public Health Act 1997*, in respect of the disease known as COVID-19, including any disease that is recognised as a mutated form of that disease, the Director of Public Health is to notify the Minister of that fact as soon as is practicable.

**PART 5 – RECOVERY OF PAYROLL TAX FROM
PRINCIPAL CONTRACTORS**

11. Liability of principal contractor for payroll tax payable in respect of employees of subcontractor

- (1) This Part applies if –

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 2

- (a) a person (referred to in this Part as the “**principal contractor**”) has entered into a contract for the carrying out of work by another person (referred to in this Part as the “**subcontractor**”); and
 - (b) employees of that subcontractor (referred to in this Part as the “**relevant employees**”) are engaged in carrying out the work; and
 - (c) the work is carried out in connection with a business undertaking of the principal contractor.
- (2) If, at the end of the period of 60 days after the end of a financial year, any payroll tax payable by the subcontractor in respect of wages paid or payable to the relevant employees during the financial year for work done in connection with the contract has not been paid, the principal contractor is jointly and severally liable with the subcontractor for the payment of the payroll tax.
- (3) Section 56 of the *Taxation Administration Act 1997* (subsection (3) excepted) applies to an amount payable under this clause.

Note: Section 55 of the *Taxation Administration Act 1997* provides that the amount of tax payable may be recovered by the Commissioner as a debt due to the Crown. Section 56 of the *Taxation Administration Act 1997* provides that, if parties are jointly and severally liable for the payment of an amount under a taxation law, the Commissioner may recover the amount payable from any of the parties. It also provides for the recovery of interest, penalty tax and costs from the parties who are jointly and severally liable for the payment of the tax.

12. Written statement relieves principal contractor of liability

- (1) The principal contractor is not liable under this Part for the payment of any payroll tax payable in respect of wages paid or payable to the relevant employees during a period if the principal contractor has been given a written statement by the subcontractor in respect of that period.
- (2) The written statement is a statement comprising the following statements:
 - (a) a statement by the subcontractor that the subcontractor is registered as an employer under this Act or is not required to be registered under this Act (whichever is applicable);
 - (b) a statement by the subcontractor that all payroll tax payable by the subcontractor in respect of wages paid or payable to the relevant employees during any period of the contract for work done in connection with the contract has been paid;
 - (c) a statement by the subcontractor as to whether the subcontractor is also a principal contractor in connection with that work;
 - (d) if the subcontractor is also a principal contractor in connection with that work, a statement by the subcontractor as to whether the subcontractor has been given a written statement under this clause in

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 2

the capacity of principal contractor in connection with that work.

- (3) The written statement is to be in a form approved by the Commissioner.
- (4) The subcontractor must keep a record of a written statement given to a principal contractor under this clause.

Note: Section 63 of the *Taxation Administration Act 1997* requires the record to be kept for not less than 5 years after it was made.

- (5) The principal contractor may withhold any payment due to the subcontractor under the contract until the subcontractor gives a written statement under this clause for any period up to the date of the statement. Any penalty for late payment under the contract does not apply to any payment withheld under this subclause.
- (6) The written statement is not effective to relieve the principal contractor of liability under this Part if the principal contractor had, when given the statement, reason to believe it was false.
- (7) A subcontractor who gives the principal contractor a written statement knowing it to be false is guilty of an offence.

Penalty: Fine not exceeding 100 penalty units.

13. Right of recovery

The principal contractor is entitled to recover from the subcontractor as a debt in a court of

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 2

competent jurisdiction any payment made by the principal contractor as a consequence of a liability arising under this Part.

14. Application of Part

- (1) This Part does not apply in relation to a contract if the subcontractor is in receivership or in the course of being wound up or, in the case of an individual, is bankrupt and if payments made under the contract are made to the receiver, liquidator or trustee in bankruptcy.
- (2) To avoid doubt, this Part extends to a principal contractor who is the owner or occupier of a building for the carrying out of work in connection with the building so long as the building is owned or occupied by the principal contractor in connection with a business undertaking of the principal contractor.

PART 6 – MISCELLANEOUS

15. Exemption from lodging returns

- (1) If the Commissioner is of the opinion that tax will not be payable by an employer, or, if paid, would be refunded, the Commissioner may issue a certificate to that employer exempting the employer from lodging monthly returns in accordance with section 87 and any employer to whom such a certificate is issued may refrain from lodging monthly returns but must, unless the contrary is expressed in the certificate, lodge

a return relating to each financial year within 21 days after the close of that financial year.

- (2) A certificate issued under this clause may be either unconditional or subject to such conditions as are prescribed by the regulations or as the Commissioner thinks fit.
- (3) The Commissioner may, at any time, by notice in writing, revoke any certificate issued under this clause.
- (4) The issue of a certificate under this clause does not exempt an employer from the payment of any payroll tax, despite the fact that it may have the effect of postponing the time for payment of any payroll tax.

16. Further returns

The Commissioner may, by notice in writing, call upon any employer or person to lodge, within the time specified in the notice, a return or further or fuller return as the Commissioner requires, whether on the person's own behalf or as an agent or trustee.

17. Notification of change in circumstances

An employer must give the Commissioner written notice within 14 days –

- (a) after a change in the employer's –
 - (i) name; or

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 2

- (ii) trading name; or
 - (iii) location of head office; or
 - (iv) postal address; or
 - (v) membership, if the employer is a partnership; or
- (b) after the employer ceases to –
- (i) pay wages as referred to in section 86(1)(a); or
 - (ii) be a member of a group referred to in section 86(1)(b); or
- (c) after the employer becomes a member of a group referred to in section 86(1)(b).

Penalty: Fine not exceeding 20 penalty units.

18. Refunds

- (1) An application under section 83 for a refund in relation to a financial year may not be made more than 5 years after the most recent of the payments, in relation to the financial year, to which the refund applies was made.
- (2) All or part of an amount of any refund payable to an employer under section 83 may be applied by the Commissioner against any liability of the employer under a taxation law or another Act of which the Commissioner has the general administration.

**SCHEDULE 3 – SAVINGS, TRANSITIONAL AND
OTHER PROVISIONS**

Section 104

PART 1 – GENERAL

1. Regulations

- (1) The regulations may contain provisions of a savings or transitional nature consequent on the enactment of the following Acts:

this Act

*Taxation Legislation (Miscellaneous
Amendments) Act 2009*

- (2) Any such provision may, if the regulations so provide, take effect from the date of Royal Assent to the Act concerned or a later date.
- (3) To the extent to which any such provision takes effect from a date that is earlier than the date of its publication in the *Gazette*, the provision does not operate so as –
- (a) to affect, in a manner prejudicial to any person (other than the State or an authority of the State), the rights of that person existing before the date of its publication; or
 - (b) to impose liabilities on any person (other than the State or an authority of the State) in respect of anything done or

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 3

omitted to be done before the date of its publication.

**PART 2 – PROVISIONS CONSEQUENTIAL ON
ENACTMENT OF THIS ACT**

2. Definition

In this Part –

old Act means the *Pay-roll Tax Act 1971* as in force immediately before its repeal.

3. Application of this Act and old Act

- (1) This Act applies to payroll tax on taxable wages that are paid or payable on or after 1 July 2008.
- (2) Despite its repeal, the old Act continues to apply to payroll tax on taxable wages (within the meaning of the old Act) paid or payable before 1 July 2008.
- (3) The *Taxation Administration Act 1997*, as in force immediately before 1 July 2008, continues to apply on and after that day in respect of any matter to which the old Act continues to apply on and after that day.

4. Superannuation contributions relating to pre-1 July 1997 service

- (1) Despite anything in section 11 or 17, “wages” do not include a superannuation contribution paid or

payable in respect of services performed by an employee before 1 July 1997.

- (2) A superannuation contribution that is alleged by an employer to be paid in respect of services performed by an employee before 1 July 1997 must be evidenced to the satisfaction of the Commissioner in the employer's records for payroll tax purposes.
- (3) In particular, the employer's records must show the manner of calculation of the contribution and any actuarial basis for it.
- (4) For the purposes of subclause (3) and of any assessment of payroll tax to which that subclause is material, the certificate of a fellow or accredited member of the Institute of Actuaries of Australia to the effect that the actuarial basis on which an amount is calculated is justified is evidence and, in the absence of evidence to the contrary, proof of that fact.
- (5) If records are not kept as required by this clause, the Commissioner is entitled to assume that a payment of money by an employer as a superannuation contribution on or after 1 July 1997 is an amount payable in respect of services performed by an employee on or after that day.

5. Superannuation payments not readily related to particular employees

For the purposes of an assessment of payroll tax, the Commissioner may determine –

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 3

- (a) whether, and the extent to which, any monetary or non-monetary contribution paid or payable by an employer to a superannuation, provident or retirement fund or scheme that is not identified by the employer as paid or payable in respect of a particular employee (and whether or not purporting to be so paid or payable on any actuarial basis) is to be regarded as a superannuation contribution paid or payable in respect of a particular employee; and
- (b) the portion of any monetary or non-monetary contribution paid by an employer as a superannuation contribution to a wholly or partly unfunded fund or scheme, being money paid in respect of an employee (or that is to be regarded under paragraph (a) to have been so paid) who performed services to the employer on or after, as well as before, 1 July 1997, that is to be regarded as having been paid in respect of services performed before that date.

6. Employment agents

A written statement given under section 2AB(3) of the old Act that was in force immediately before 1 July 2008 remains in force on and after that day for the purposes of this Act as if it were a declaration given under section 40(2) of this Act.

7. Registration of employers

An employer who was registered under section 12 of the old Act immediately before 1 July 2008 is taken, on and after that day, to be registered under section 86 of this Act.

8. Agreements to reduce or avoid payroll tax

Sections 42 and 47 extend to an agreement, transaction or arrangement entered into before the commencement of those sections.

9. Recovery of payroll tax from principal contractors

Part 5 of Schedule 2 extends to contracts entered into before the commencement of that Part.

10. General saving

Any act, matter or thing that had effect under or for the purposes of a provision of the old Act, or a provision of another Act repealed by this Act, immediately before the repeal of the provision continues to have effect under or for the purposes of the corresponding provision of this Act, subject to any other provision of this Part or the regulations under this Part.

**PART 3 – PROVISIONS CONSEQUENT ON
ENACTMENT OF *TAXATION LEGISLATION*
(*MISCELLANEOUS AMENDMENTS*) ACT 2009**

11. Application of amendments

- (1) The amendments made to this Act by the *Taxation Legislation (Miscellaneous Amendments) Act 2009* apply in respect of taxable wages that are paid or payable on or after 1 July 2009.
- (2) The amendments made to this Act by the *Taxation Legislation (Miscellaneous Amendments) Act 2009* are to be applied for the purpose of determining the correct amount of payroll tax (within the meaning of section 82) payable by an employer in respect of the financial year commencing on 1 July 2009 (including in respect of expired months).
- (3) However, section 9 continues to apply in respect of an expired month as if the amendments made to this Act by the *Taxation Legislation (Miscellaneous Amendments) Act 2009* had not been made.
- (4) In this clause, an “**expired month**” is a month occurring after June 2009 that ended before the day on which the *Taxation Legislation (Miscellaneous Amendments) Act 2009* received the Royal Assent.

**PART 4 – PROVISIONS CONSEQUENT ON
ENACTMENT OF *TAXATION AND RELATED***

LEGISLATION (MISCELLANEOUS AMENDMENTS)
ACT (NO. 2) 2011

12. Assessment and payment of payroll tax in relation to employee shares and options

Anything done or omitted to be done by an employer in connection with the assessment and payment of payroll tax, in respect of a month occurring after June 2009 and before July 2012, that would have been validly done or omitted to be done had the amendments made to this Act by the *Taxation and Related Legislation (Miscellaneous Amendments) Act (No.2) 2011* been in force, is taken to have been validly done or omitted.

Note: This provision validates a decision by an employer to treat the grant of a share or an option to an employee that is not an ESS interest as a fringe benefit under Division 2 of Part 3 of this Act and to determine the value of those fringe benefits in accordance with those provisions, rather than by reference to Division 4 of Part 3 of this Act.

13. Determination of vesting date and value of employee shares and options

- (1) Division 4 of Part 3 of this Act continues to apply in respect of a share or an option granted before 1 July 2012 that constitutes wages under old section 18, whether or not the grant of the share or option would constitute wages under new section 18, if the relevant day in relation to the grant of the share or option is not a day occurring before 1 July 2012.

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 3

Note: For example, a share granted before 1 July 2012 that is not an ESS interest continues to be treated as wages under Division 4 of Part 3 of this Act if the vesting date for the share did not occur before 1 July 2012 and the employer did not elect to treat the date of the grant as the relevant day.

- (2) The assessment amendments apply in respect of any such share or option.
- (3) Accordingly, the vesting date and the value of the share or option are to be determined in accordance with the assessment amendments.
- (4) This clause does not apply in respect of a share or option granted before 1 July 2012 if the liability for payroll tax in respect of the grant is determined in accordance with Division 2 of Part 3, as permitted by clause 12.
- (5) In this clause –

assessment amendments means the amendments made to this Act by the *Taxation and Related Legislation (Miscellaneous Amendments) Act (No.2) 2011* ;

new section 18 means section 18 as amended by the *Taxation and Related Legislation (Miscellaneous Amendments) Act (No.2) 2011* ;

old section 18 means section 18 as in force immediately before the day on which it is amended by the *Taxation and Related Legislation (Miscellaneous Amendments) Act (No.2) 2011* ;

relevant day – see section 18(3).

**PART 5 – PROVISIONS CONSEQUENT ON
ENACTMENT OF *TAXATION AND RELATED
LEGISLATION (MISCELLANEOUS AMENDMENTS)*
*ACT 2016***

14. Application of amendments

- (1) An amendment made to section 32 by the *Taxation and Related Legislation (Miscellaneous Amendments) Act 2016* has effect in respect of any amount, benefit or payment referred to in section 35 that is, on or after the date of commencement of the amendment, paid, payable, provided, or made, for or in relation to –
 - (a) the performance of work; or
 - (b) the re-supply of goods.
- (2) Despite subclause (1), an amendment made to section 32 by the *Taxation and Related Legislation (Miscellaneous Amendments) Act 2016* does not apply to any amount, benefit or payment referred to in section 35 that is paid, payable, provided, or made, for or in relation to –
 - (a) the performance of work before the date of commencement of the amendment; or
 - (b) the re-supply of goods before the date of commencement of the amendment.

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 3

- (3) Clause 18 of Part 6 of Schedule 2 applies to any payment whether made before or after the date of commencement of that clause.

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 4

SCHEDULE 4

The amendments effected by Section 105 and this Schedule have been incorporated into authorised versions of the following Acts:

- (a) Gaming Control Act 1993;*
- (b) Judicial Review Act 2000;*
- (c) Taxation Administration Act 1997.*

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 5

SCHEDULE 5 – LEGISLATION REPEALED

Section 106

Pay-roll Tax Act 1971 (No. 43 of 1971)

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 6

SCHEDULE 6 – LEGISLATION RESCINDED

Section 107

Pay-roll Tax Regulations 1999 (No. 114 of 1999)

Pay-roll Tax Amendment Regulations 2005 (No. 68 of 2005)

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 6

NOTES

The foregoing text of the *Payroll Tax Act 2008* comprises those instruments as indicated in the following table. Any reprint changes made under any Act, in force before the commencement of the *Legislation Publication Act 1996*, authorising the reprint of Acts and statutory rules or permitted under the *Legislation Publication Act 1996* and made before 1 April 2020 are not specifically referred to in the following table of amendments.

Act	Number and year	Date of commencement
<i>Payroll Tax Act 2008</i>	No. 16 of 2008	1.7.2003 Part 4 of Sched. 2 1.7.2008 Remaining
<i>Taxation and Related Legislation (Miscellaneous Amendments) Act (No. 2) 2008</i>	No. 46 of 2008	1.7.2008
<i>Taxation Legislation (Miscellaneous Amendments) Act 2009</i>	No. 82 of 2009	1.7.2009
<i>Taxation and Related Legislation (Miscellaneous Amendments) Act 2011</i>	No. 14 of 2011	28.6.2011
<i>Taxation and Related Legislation (Miscellaneous Amendments) Act (No. 2) 2011</i>	No. 47 of 2011	1.7.2012
<i>Taxation Legislation (Miscellaneous Amendments) Act 2012</i>	No. 40 of 2012	22.11.2012
<i>Training and Workforce Development (Repeals and Consequential Amendments) Act 2013</i>	No. 11 of 2013	1.7.2013
<i>Taxation Relief Act 2013</i>	No. 22 of 2013	1.7.2013
<i>Taxation and Related Legislation (Miscellaneous Amendments) Act 2017</i>	No. 10 of 2017	1.7.2016
<i>Taxation and Related Legislation (Miscellaneous Amendments) Act 2016</i>	No. 43 of 2016	31.10.2016
<i>Taxation Related Legislation (Housing Availability and Payroll Relief) Act 2018</i>	No. 5 of 2018	1.7.2018
<i>Legislation Publication Act 1996</i>	No. 17 of 1996	1.7.2018
<i>Financial Management (Consequential and Transitional Provisions) Act</i>	No. 4 of 2017	1.7.2019

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 6

Act	Number and year	Date of commencement
<i>2017</i>		
<i>Taxation and Related Legislation (Miscellaneous Amendments) Act 2020</i>	No. 9 of 2020	1.4.2020

TABLE OF AMENDMENTS

Provision affected	How affected
Section 3	Amended by No. 82 of 2009, s. 10 and No. 47 of 2011, s. 17
Section 10	Substituted by No. 82 of 2009, s. 11
Section 11	Substituted by No. 82 of 2009, s. 11
Section 11A	Inserted by No. 82 of 2009, s. 11
Section 11B	Inserted by No. 82 of 2009, s. 11
Section 11C	Inserted by No. 82 of 2009, s. 11
Section 13	Amended by No. 82 of 2009, s. 12
Section 18	Amended by No. 47 of 2011, s. 18
Section 19	Amended by No. 47 of 2011, s. 19
Section 23	Amended by No. 47 of 2011, s. 20
Section 24	Amended by No. 82 of 2009, s. 13 and No. 47 of 2011, s. 21
Section 25	Repealed by No. 82 of 2009, s. 14
Section 26	Amended by No. 14 of 2011, s. 23
Section 29	Amended by No. 10 of 2017, s. 22
Section 32	Amended by No. 43 of 2016, s. 17
Section 53	Amended by No. 40 of 2012, s. 15
Section 66A of Part 4	Inserted by No. 82 of 2009, s. 15
Section 72	Amended by No. 14 of 2011, s. 24
Section 80	Amended by No. 43 of 2016, s. 18
Section 85	Amended by No. 17 of 1996
Section 86	Amended by No. 43 of 2016, s. 19
Part 1 of Schedule 1	Amended by No. 22 of 2013, s. 10 and No. 5 of 2018, s. 5
Part 2 of Schedule 1	Amended by No. 5 of 2018, s. 5
Part 3 of Schedule 1	Amended by No. 5 of 2018, s. 5
Part 4 of Schedule 1	Amended by No. 5 of 2018, s. 5
Division 1 of Part 3 of Schedule 2	Amended by No. 46 of 2008, s. 33 and No. 11 of 2013, Sched. 1
Division 3 of Part 3 of Schedule 2	Amended by No. 5 of 2018, s. 6

Payroll Tax Act 2008
Act No. 16 of 2008

sch. 6

Provision affected	How affected
2	
Part 4 of Schedule 2	Amended by No. 40 of 2012, s. 16 and No. 4 of 2017, Sched. 1
Part 4A of Schedule 2	Amended by No. 9 of 2020, s. 8
Part 6 of Schedule 2	Amended by No. 43 of 2016, s. 20
Part 1 of Schedule 3	Amended by No. 82 of 2009, s. 16
Part 3 of Schedule 3	Amended by No. 82 of 2009, s. 16
Part 4 of Schedule 3	Amended by No. 47 of 2011, s. 22
Part 5 of Schedule 3	Amended by No. 43 of 2016, s. 21
