PAY-ROLL TAX (TERRITORIES) ASSESSMENT AMENDMENT BILL 1978

Date Introduced: 6 April 1978
House: House of Representatives
Presented by: Hon. John Howard, Treasurer

Short Digest of Bill

Purpose

The main purpose is to raise the level of the general exemption from Commonwealth pay-roll tax in respect of wages paid in the Australian Capital Territory and the Northern Territory to bring it into line with the exemption in N.S.W.

Background

Since Sept. 1971, the Commonwealth Government has only imposed pay-roll tax in the A.C.T. and N.T.

At present an employer is entitled to a general exemption by way of a deduction of $48,000 on an annual basis or $4,000 per month from wages paid when determining the amount on which pay-roll tax rates are applied. This exemption phases out by $2 for every $3 by which annual wages payable by an employer exceed $48,000.

The last increase in the exemption level applied from 1 January 1977 when it was brought into line with that allowable in N.S.W. However, that State increased its exemption level to $60,000 as from 1 January 1978. The proposed change, will once again ensure consistency of treatment between employers in the A.C.T. and N.S.W. so that pay-roll tax considerations will not influence their choice of location between the two areas.

Although the provisions of the Bill relate to the N.T. as well as the A.C.T., under the program for self-government of the N.T. it is planned that pay-roll tax will be transferred to the proposed N.T. Government as from 1 July 1978. Therefore this Bill is expected to operate only in respect of the A.C.T.

Main Provisions

The deduction of $4,000 allowable at present in relation to monthly returns is to be replaced by a deduction of $5,000 as from
1 July 1978 (clause 3). Because of the phasing-out arrangements, no deduction will be allowable where the monthly pay-roll reaches $12,500.

As from the financial year commencing 1 July 1978, refunds or rebates of pay-roll tax on an annual adjustment will be worked out on the basis of a general exemption of $60,000 which will be phased out by $2 for every $3 by which the annual wages paid by the employer exceed $60,000 (clause 4).

An employer who pays wages of $1,150 or less per week (rather than $900 as at present) will not have to register for pay-roll tax purposes as from 1 July 1978 (clause 5).