

**PAY-ROLL TAX (AMENDMENT) BILL 1990**

NEW SOUTH WALES



**EXPLANATORY NOTE**

**(This Explanatory Note relates to this Bill as introduced into Parliament)**

The Stamp Duties (Further Amendment) Bill 1990 is cognate with this Bill.

As from the financial year commencing on 1 July 1989, pay-roll tax has been payable under the Pay-roll Tax Act 1971 as follows:

Total of taxable wages and interstate wages paid or payable by an employer during a financial year	Marginal rate of tax
Less than \$432, 000	Nil
\$432, 000 or more	7%
\$1,512, 000 or more but less than \$2,268,000	8%
\$2,268,000	6%

The Object of this Bill is to amend the Pay-roll Tax Act 1971:

- \* to increase the tax-free threshold below which payrolls are not taxable from \$432,000 to \$500,000
- \* to replace the existing marginal rates of tax with a single marginal rate of 7%

The amendments are to have effect as from 1 October 1990. The financial year commencing on 1 July 1990 will therefore comprise a transitional year, being based on 3 months at the existing rates and 9 months at the new rates. The amendments provide that, for that financial year, the threshold and tax rates are to be averaged in order to avoid the need for two "annual" reconciliations. The marginal tax rates for 1990/91 under the average arrangements are:

- \* less than \$483,000—exempt
- \* \$1,512,000 or more but less than \$2,268,000—7.25%
- \* \$2,268,000 or more—6.75%

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- Clause 1** specifies the short title of the proposed Act.
- Clause 2** provides for the commencement of the proposed Act on 1 October 1990.
- Clause 3** gives effect to the Schedule of amendments to the Pay-roll Tax Act 1971.
- Clause 4** is a general savings provision.

**SCHEDULE 1—AMENDMENTS**

Schedule 1 (1) (c) and (7) amend the Pay-roll Tax Act 1971 to provide for the proposed taxing arrangements. The arrangements for the calculation of pay-roll tax liability for the financial year commencing on 1 July 1990 are set out in the new Schedule 3. The arrangements for the calculation of pay-roll tax liability for the financial year commencing on 1 July 1991 and subsequent financial years are set out in the new Schedule 4.

All other amendments made by Schedule 1 are consequential

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