



New South Wales

# Pay-roll Tax Amendment (Supporting Jobs and Small Business) Bill 2005

## Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

## Overview of Bill

The object of this Bill is to amend the *Pay-roll Tax Act 1971* to increase the tax free threshold for pay-roll tax from \$600,000 to \$850,000. The increase takes effect on 1 July 2007.

## Outline of provisions

**Clause 1** sets out the name (also called the short title) of the proposed Act.

**Clause 2** provides for the commencement of the proposed Act on 1 July 2007.

**Clause 3** is a formal provision that gives effect to the amendments to the *Pay-roll Tax Act 1971* set out in Schedule 1.

## Schedule 1 Amendments

**Schedule 1 [1]–[3] and [5]–[10]** contain the amendments to increase the tax free threshold for pay-roll tax from \$600,000 to \$850,000.

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Explanatory note

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**Schedule 1 [4]** makes a consequential amendment to the provisions relating to designation of group employers.

**Schedule 1 [11]** makes provision for savings and transitional regulations.

Introduced by Ms P L Seaton, MP

First print



New South Wales

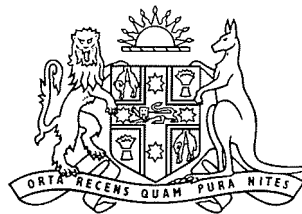
# Pay-roll Tax Amendment (Supporting Jobs and Small Business) Bill 2005

## Contents

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	Page
1 Name of Act	2
2 Commencement	2
3 Amendment of Pay-roll Tax Act 1971 No 22	2
Schedule 1 Amendments	3





New South Wales

# Pay-roll Tax Amendment (Supporting Jobs and Small Business) Bill 2005

No. , 2005

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## **A Bill for**

An Act to amend the *Pay-roll Tax Act 1971* to increase the tax free threshold for pay-roll tax.

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<b>The Legislature of New South Wales enacts:</b>	1
<b>1 Name of Act</b>	2
This Act is the <i>Pay-roll Tax Amendment (Supporting Jobs and Small Business) Act 2005</i> .	3 4
<b>2 Commencement</b>	5
This Act commences on 1 July 2007.	6
<b>3 Amendment of Pay-roll Tax Act 1971 No 22</b>	7
The <i>Pay-roll Tax Act 1971</i> is amended as set out in Schedule 1.	8

<b>Schedule 1</b>	<b>Amendments</b>	1
	(Section 3)	2
<b>[1]</b>	<b>Section 7 Imposition of pay-roll tax on taxable wages</b>	3
	Omit section 7 (1) (d). Insert instead:	4
	(d) ascertained in accordance with Schedule 4 in respect of such of those wages as are paid or payable after the month of June 2001 and before the month of July 2007, and	5 6 7
	(e) ascertained in accordance with Schedule 5 in respect of such of those wages as are paid or payable after the month of June 2007.	8 9 10
<b>[2]</b>	<b>Section 11B Annual adjustments</b>	11
	Omit paragraph (d) from the definition of <i>annual amount of pay-roll tax</i> in section 11B (1).	12 13
	Insert instead:	14
	(d) the amount ascertained in accordance with section 17 and Schedule 4 in respect of the employer for the financial year commencing on 1 July 2001, 1 July 2002, 1 July 2003, 1 July 2004, 1 July 2005 or 1 July 2006, and	15 16 17 18
	(e) the amount ascertained in accordance with section 17 and Schedule 5 in respect of the employer for the financial year commencing on 1 July 2007 or any subsequent financial year.	19 20 21 22
<b>[3]</b>	<b>Section 11C Adjustment of pay-roll tax when employer ceases to be an employer etc during a financial year</b>	23 24
	Omit paragraph (d) from the definition of <i>total amount of pay-roll tax</i> in section 11C (1).	25 26
	Insert instead:	27
	(d) the amount ascertained in accordance with section 17 and Schedule 4 in respect of the employer for a prescribed period that falls within the financial year commencing on 1 July 2001, 1 July 2002, 1 July 2003, 1 July 2004, 1 July 2005 or 1 July 2006, and	28 29 30 31 32
	(e) the amount ascertained in accordance with section 17 and Schedule 5 in respect of the employer for a prescribed period that falls within the financial year commencing on 1 July 2007 or any subsequent financial year.	33 34 35 36

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<b>[4] Section 16I Designated group employers</b>	1
Omit “\$600,000” wherever occurring in section 16I (2) (a) and (3) (a).	2
Insert instead “\$850,000”.	3
<b>[5] Section 16K Annual adjustments</b>	4
Omit section 16K (2) (d). Insert instead:	5
(d) the amount ascertained in accordance with section 17 and Schedule 4 in respect of that member for the financial year commencing on 1 July 2001, 1 July 2002, 1 July 2003, 1 July 2004, 1 July 2005 or 1 July 2006, or	6 7 8 9
(e) the amount ascertained in accordance with section 17 and Schedule 5 in respect of that member for the financial year commencing on 1 July 2007 or any subsequent financial year.	10 11 12 13
<b>[6] Section 16L Adjustment of pay-roll tax when members of a group cease to pay taxable wages or interstate wages during a financial year</b>	14 15
Omit section 16L (3) (d). Insert instead:	16
(d) the amount ascertained in accordance with section 17 and Schedule 4 in respect of that member for a prescribed period that falls within the financial year commencing on 1 July 2001, 1 July 2002, 1 July 2003, 1 July 2004, 1 July 2005 or 1 July 2006, or	17 18 19 20 21
(e) the amount ascertained in accordance with section 17 and Schedule 5 in respect of that member for a prescribed period that falls within the financial year commencing on 1 July 2007 or any subsequent financial year.	22 23 24 25
<b>[7] Schedule 4, heading</b>	26
Omit the heading. Insert instead:	27
<b>Schedule 4 Calculation of pay-roll tax liability for financial years commencing 1 July 2001, 1 July 2002, 1 July 2003, 1 July 2004, 1 July 2005 and 1 July 2006</b>	28 29 30 31



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<b>[8] Schedule 4, clauses 2, 6 and 10</b>	1
Omit “or on 1 July in any subsequent financial year” wherever occurring from the definition of <i>financial year</i> in those clauses.	2 3
Insert instead “, 1 July 2002, 1 July 2003, 1 July 2004, 1 July 2005 or 1 July 2006”.	4 5
<b>[9] Schedule 4, clause 13, definition of “R”</b>	6
Omit “or 1 July in any subsequent year” from paragraph (b).	7
Insert instead “, 1 July 2003, 1 July 2004, 1 July 2005 or 1 July 2006”.	8
<b>[10] Schedule 5</b>	9
Insert after Schedule 4:	10
<b>Schedule 5 Calculation of pay-roll tax liability for financial year commencing 1 July 2007 and subsequent financial years</b>	11 12 13
(Sections 7, 11B, 11C, 16K and 16L)	14
<b>Part 1 Employers who are not members of a group</b>	15 16
<b>1 Application of Part</b>	17
This Part applies only to an employer who is not a member of a group.	18 19
<b>2 Definitions</b>	20
In this Part:	21
<i>financial year</i> means the financial year commencing on 1 July 2007 or on 1 July in any subsequent financial year.	22 23
<i>IW</i> represents the total interstate wages paid or payable by the employer concerned during the financial year to which the calculation of the relevant pay-roll tax relates.	24 25 26
<i>TW</i> represents the total taxable wages paid or payable by the employer concerned during the financial year to which the calculation of the relevant pay-roll tax relates.	27 28 29

**3 Pay-roll of employer under \$850,000** 1

An employer is not liable to pay pay-roll tax for a financial year 2  
 if the total taxable wages and interstate wages paid or payable by 3  
 the employer during that year is less than \$850,000. 4

**4 Pay-roll of employer \$850,000 or more** 5

If the total taxable wages and interstate wages paid or payable by 6  
 an employer during a financial year is \$850,000 or more, the 7  
 employer is liable to pay as pay-roll tax for that year the amount 8  
 of dollars calculated in accordance with the following formula: 9

$$\left[ TW - \left\{ \frac{TW}{TW + IW} \times 850,000 \right\} \right] \times \frac{6}{100}$$

**Part 2 Groups with a designated group employer** 10

**5 Application of Part** 11

This Part applies only to an employer who is a member of a group 12  
 for which there is a designated group employer. 13

**6 Definitions** 14

In this Part: 15

*designated group employer* means a member designated as the 16  
 designated group employer for a group in accordance with 17  
 section 161. 18

*financial year* means the financial year commencing on 1 July 19  
 2007 or on 1 July in any subsequent financial year. 20

*group* means a group for which there is a designated group 21  
 employer. 22

*GIW* represents the total interstate wages paid or payable by the 23  
 group concerned during the financial year to which the 24  
 calculation of the relevant pay-roll tax relates. 25

*GTW* represents the total taxable wages paid or payable by the 26  
 group concerned during the financial year to which the 27  
 calculation of the relevant pay-roll tax relates. 28

*TW* represents the total taxable wages paid or payable by the 29  
 employer concerned during the financial year to which the 30  
 calculation of the relevant pay-roll tax relates. 31

<b>7</b>	<b>Pay-roll of group under \$850,000</b>	1
	None of the members of a group is liable to pay pay-roll tax for the financial year if the total taxable wages and interstate wages paid or payable by the group during that year is less than \$850,000.	2 3 4 5
<b>8</b>	<b>Pay-roll of group \$850,000 or more</b>	6
(1)	If the total taxable wages and interstate wages paid or payable by a group during the financial year is \$850,000 or more, pay-roll tax is payable as provided by subclauses (2) and (3).	7 8 9
(2)	The designated group employer for the group is liable to pay as pay-roll tax for the financial year the amount of dollars calculated in accordance with the following formula:	10 11 12
	$\left[ TW - \left\{ \frac{GTW}{GTW + GIW} \times 850,000 \right\} \right] \times \frac{6}{100}$	
(3)	Each member of the group (other than the designated group employer) is liable to pay as pay-roll tax for the financial year the amount of dollars calculated in accordance with the following formula:	13 14 15 16
	$TW \times \frac{6}{100}$	
<b>Part 3</b>	<b>Groups with no designated group employer</b>	17 18
<b>9</b>	<b>Application of Part</b>	19
	This Part applies only to an employer who is a member of a group for which there is no designated group employer.	20 21
<b>10</b>	<b>Definitions</b>	22
	In this Part:	23
	<i>designated group employer</i> means a member designated as the designated group employer for a group in accordance with section 16I.	24 25 26
	<i>financial year</i> means the financial year commencing on 1 July 2007 or on 1 July in any subsequent financial year.	27 28
	<i>GIW</i> represents the total interstate wages paid or payable by the group concerned during the financial year to which the calculation of the relevant pay-roll tax relates.	29 30 31

**group** means a group for which there is no designated group employer.

1  
2

**GTW** represents the total taxable wages paid or payable by the group concerned during the financial year to which the calculation of the relevant pay-roll tax relates.

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4  
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**TW** represents the total taxable wages paid or payable by the employer concerned during the financial year to which the calculation of the relevant pay-roll tax relates.

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8

**11 Pay-roll of group under \$850,000**

9

None of the members of a group is liable to pay pay-roll tax for the financial year if the total taxable wages and interstate wages paid or payable by the group during that year is less than \$850,000.

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**12 Pay-roll of group \$850,000 or more**

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If the total taxable wages and interstate wages paid or payable by a group during the financial year is \$850,000 or more, each member of the group is liable to pay as pay-roll tax for that year the amount of dollars calculated in accordance with the following formula:

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16  
17  
18  
19

$$\left[ TW - \left\{ \frac{TW}{GTW + GIW} \times 850,000 \right\} \right] \times \frac{6}{100}$$

**[11] Schedule 6 Savings, transitional and other provisions**

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Insert at the end of clause 1 (1):

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*Pay-roll Tax Amendment (Supporting Jobs and Small Business) Act 2005*

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