



Australian Capital Territory

Payroll Tax Act 1987 No 40

Republication No 7

Republication date: 18 April 2002

Last amendment made by Act 2002 No 7

Amendments incorporated to 12 September 2001

Authorised by the ACT Parliamentary Counsel

About this republication

The republished law

This is a republication of the *Payroll Tax Act 1987* as in force on 18 April 2002. It includes any amendment, repeal or expiry affecting the republished law to 12 September 2001 and any amendment made under the *Legislation Act 2001*, part 11.3 (Editorial changes).

The legislation history and amendment history of the republished law are set out in endnotes 3 and 4.

Kinds of republications

The Parliamentary Counsel's Office prepares 2 kinds of republications of ACT laws (see the ACT legislation register at www.legislation.act.gov.au):

- authorised republications to which the *Legislation Act 2001* applies
- unauthorised republications.

The status of this republication appears on the bottom of each page.

Editorial changes

The *Legislation Act 2001*, part 11.3 authorises the Parliamentary Counsel to make editorial amendments and other changes of a formal nature when preparing a law for republication. Editorial changes do not change the effect of the law, but have effect as if they had been made by an Act commencing on the republication date (see *Legislation Act 2001*, s 115 and s 117). The changes are made if the Parliamentary Counsel considers they are desirable to bring the law into line, or more closely into line, with current legislative drafting practice.

This republication includes amendments made under part 11.3 (see endnote 1).

Uncommenced provisions and amendments

If a provision of the republished law has not commenced or is affected by an uncommenced amendment, the symbol **U** appears immediately before the provision heading. The text of the uncommenced provision or amendment appears only in the last endnote.

Modifications

If a provision of the republished law is affected by a current modification, the symbol **M** appears immediately before the provision heading. The text of the modifying provision appears in the endnotes. For the legal status of modifications, see *Legislation Act 2001*, section 95.

Penalties

The value of a penalty unit for an offence against this republished law at the republication date—

- (a) if the person charged is an individual—\$100; or
- (b) if the person charged is a corporation—\$500.



Australian Capital Territory

Payroll Tax Act 1987

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Amendments incorporated to
12 September 2001



Australian Capital Territory

Payroll Tax Act 1987

An Act to impose payroll tax

Part 1 Preliminary

1 Short title

This Act may be cited as the *Payroll Tax Act 1987*.

2A Incorporation of the Taxation Administration Act

The *Taxation Administration Act 1999* is incorporated and shall be read as one with this Act.

3 Interpretation for this Act

(1) In this Act:

Note A definition applies except so far as the contrary intention appears (see *Legislation Act 2001*, s 155).

charitable organisation means an organisation, society, institution or body carried on for a religious, educational, benevolent or charitable purpose, other than one carried on for the purpose of securing pecuniary benefit to its members.

commencement day means the date fixed under section 2.

company includes an unincorporated association and a partnership.

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

determined rate means the rate determined under the *Taxation Administration Act 1999*, section 139 for the provision in which the expression appears.

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

- (a) the Territory or a Territory authority; and

(b) a body, whether incorporated or not, established under a law of a State or another Territory, being a body that is resident, or carries on business, in the ACT; and

(c) a person who is an employment agent.

employment agent means a person who by arrangement procures the services of another person for a client of the firstmentioned person as a result of which engagement the employment agent receives directly or indirectly payment, whether by way of a lump sum or ongoing fee, during or in respect of the period when the services are provided by that person to the client.

exemption certificate means a certificate granted under section 18.

group period, in relation to a group, means a period of less than a financial year (being a period that falls wholly within a financial year) during which there was at all times at least 1 member of the group (not necessarily the same member) who was an employer in Australia.

group year, in relation to a group, means a financial year during which there was at all times at least 1 member of the group (not necessarily the same member) who was an employer in Australia.

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

interim tax means tax payable under section 12 or 13 in respect of a return.

new starter—see section 9A (Exemption from tax—new starters).

pay, in relation to wages or remuneration, includes provide, confer and assign.

return means a return lodged or required to be lodged under this Act.

superannuation benefit means money 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* (Cwlth); or
- (b) as a superannuation guarantee charge within the meaning of the *Superannuation Guarantee (Administration) Act 1992* (Cwlth); or
- (c) to or as any other form of superannuation, provident or retirement fund or scheme, including a wholly or partly unfunded fund or scheme.

tax means tax payable under this Act.

taxable wages means—

- (a) in relation to the Territory—wages to which this Act applies because of section 5; or
- (b) in relation to a State or another Territory—wages to which a corresponding law of that State or Territory applies.

wages means an amount paid or payable to a person in relation to his or her capacity as an employee or former employee, and includes—

- (a) a payment by way of remuneration, salary, commission, bonus, allowance or other benefit; and
- (b) a superannuation benefit; and
- (c) a payment made under a prescribed class of contracts, to the extent to which the payment is attributable to labour; and
- (d) a payment by a company by way of remuneration to a director or a member of the governing body of the company; and
- (e) wages, remuneration, salary, commission, bonuses, allowances or other benefits paid or payable whether in cash or in kind in relation to an employee by any person acting for or in concert or under an arrangement or understanding (whether formal or informal and whether expressed or implied) with the employer; and

- (f) any amount deemed to be wages under section 3B (2) (c); and
 - (g) the value of any payments made in kind; and
 - (h) any amount paid or payable by way of remuneration to a person who was engaged by an employment agent to provide services for a client of the employment agent, being services in respect of which the remuneration was paid or is payable.
- (2) A reference in subsection (1), definition of ***superannuation benefit*** to an employee includes a reference to any person to whom an amount is paid or payable as wages otherwise than as a superannuation benefit.
- (3) For this Act, 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.
- (4) For this Act—
- (a) any wages paid or payable to an employee, in respect of the employee's services as an employee of an employer, by a person other than the employer; and
 - (b) any wages paid or payable by an employer, in respect of an employee's services as an employee of the employer, to a person other than the employee;
- shall be taken to be wages paid or payable by the employer to the employee.
- (5) A reference in this Act to a ***benefit***—
- (a) is, subject to paragraph (b), to be taken to include a reference to a fringe benefit within the meaning of the *Fringe Benefits Tax Assessment Act 1986* (Cwlth); and
 - (b) is to be taken not to include a superannuation benefit.

3A Value of benefits

For this Act, the value of any benefits provided by an employer during a financial year or a group year is the amount, in relation to that year, that would be the aggregate fringe benefits amount for the *Fringe Benefits Tax Assessment Act 1986* (Cwlth).

3B Application of Act to certain contracts

- (1) A reference in this section to a service contract is to be taken to be a reference to a contract under which a person (the *designated person*), in the course of a business carried on by the person—

- (a) supplies services to another person in relation to the performance of work; or
- (b) is supplied with the services of another person 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 the goods and for resupply of the goods to the designated person or, where the designated person is a member of a group, to another member of that group;

but is not to be taken to include a reference to a contract of service or a contract under which a designated person in the course of a business carried on by the designated person—

- (d) is supplied with services 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 the goods which are the property of that person; or
- (e) is supplied with services in relation to the performance of work where—
 - (i) those services are of a kind not ordinarily required by the designated person and are rendered by a person who ordinarily renders services of that kind to the public generally; or

- (ii) the commissioner is satisfied that those services are rendered by a person who ordinarily renders services of that kind to the public generally;

unless the commissioner determines that the contract under which the services are so supplied was entered into with an intention either directly or indirectly of avoiding or evading the payment of tax by any person.

(2) For this section—

(a) a person—

- (i) to whom, under a service contract, the services of persons are supplied in relation to the performance of work; or
- (ii) who, under a service contract, gives out goods to other persons;

shall be deemed to be an employer; and

(b) a person who—

- (i) performs work in relation to which services are supplied to another person under a service contract; or
- (ii) being a natural person, under a service contract, resupplies goods to an employer;

shall be deemed to be an employee; and

(c) amounts paid or payable by an employer in relation to—

- (i) the performance of work relating to a service contract; or
- (ii) the resupply of goods by an employee under a service contract;

less any amount of GST payable for the performance or resupply, are taken to be wages; and

(d) where an amount referred to in paragraph (c) is included in a larger amount paid or payable by an employer under a service contract, that part of the larger amount which is not attributable

to the performance of work relating to the service contract or the resupply of goods by an employee under the service contract may be determined by the commissioner.

- (3) Where, in respect of a payment in relation to the performance of work that is to be deemed to be wages under subsection (2), payroll tax is paid by a person who is to be deemed under that subsection to be an employer—
- (a) no other person shall be liable to payroll tax in respect of that payment; and
 - (b) where another person is liable to make a payment in relation to that work, that person shall not be liable to payroll tax in respect of that payment unless it or the payment by the person who is to be deemed to be the employer is made with an intention either directly or indirectly of avoiding or evading the payment of tax whether by that deemed employer or another person.
- (4) In this section—
- (a) a reference to a ***contract*** is to be taken to include a reference to an agreement, arrangement or undertaking, whether formal or informal and whether express or implied; and
 - (b) a reference to ***supply*** is to be taken to include a reference to supply by way of sale, exchange, lease, hire, credit contract or regulated contract and, in relation to services, includes a reference to the providing, granting or conferring of services; and
 - (c) a reference (however expressed) to the ***resupply of goods*** acquired from a person is to be taken to include a reference to—
 - (i) a supply to the person of goods in an altered form or condition; and
 - (ii) a supply to the person of goods in which the firstmentioned goods have been incorporated; and

- (iii) a supply to the person of an article manufactured or produced from any such goods; and
- (d) a reference to *services* is to be taken to include a reference to results (whether goods or services) of work performed.

(5) In this section:

credit contract—see the Consumer Credit (Australian Capital Territory) Code.

GST—see the *A New Tax System (Goods and Services Tax) Act 1999* (Cwlth), dictionary.

regulated contract—see the *Credit Act 1985*.

3C Contracts that are not service contracts

A reference in section 3B to a service contract is not to be taken to be a reference to a contract under which a person is supplied with services ancillary to the conveyance of goods by means of a vehicle provided by the person conveying them, unless the commissioner determines that the contract was entered into with an intention either directly or indirectly of avoiding or evading the payment of tax by any person.

4 Administration

The commissioner has the general administration of this Act.

5 Wages to which this Act applies

- (1) The following wages are wages to which this Act applies:
 - (a) wages that are paid or payable in the ACT, not being wages so paid or payable in respect of services performed or rendered wholly in a State or wholly in another Territory;
 - (b) wages that are paid or payable elsewhere than in the ACT in respect of services performed or rendered wholly in the ACT.

- (2) Wages that are payable to a person by his or her employer but have not been paid, other than wages that, under the terms of the person's employment, are payable in another Territory or in a State, shall be deemed—
- (a) where the wages are payable in respect of services performed or rendered wholly in the ACT—to be wages payable to the employee in the ACT; or
 - (b) where—
 - (i) the wages are not payable in respect of services performed or rendered wholly in the ACT, wholly in another Territory or wholly in a State; and
 - (ii) the wages last paid or payable to the person by that employer were included, or required to be included in a return under this Act;to be wages payable to the person in the ACT; or
 - (c) where the wages are not deemed, by paragraph (a) or (b) or a provision of a corresponding law, to be wages payable to the person in the ACT, in a State or in another Territory—to be wages payable to the person by that employer at the place where that person last performed or rendered any services for that employer before those wages became payable.
- (3) Where a bill of exchange, promissory note, money order, postal order or other instrument has been given or sent by an employer to a person or the person's agent in payment of the person's wages, the wages shall be deemed to have been paid—
- (a) at the place where the instrument is given or to which it is sent, as the case may be; and
 - (b) when the instrument was so given or sent.

5A Agreement etc to reduce or avoid liability to payroll tax

- (1) Where any person enters into any agreement, transaction or arrangement, whether in writing or otherwise, under which a natural person performs or renders, for or on behalf of another person, services in respect of which any payment is made to some other person related or connected to the natural person performing or rendering 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 shall be deemed to be an employer for this Act; and
 - (c) determine that any payment made in respect of the agreement, transaction or arrangement shall be deemed to be wages for this Act;
- and a determination under paragraph (b) or (c) has effect accordingly.
- (2) This section has effect in relation to agreements, transactions and arrangements made before, on or after the commencement of this section.

Part 2 Liability to taxation

6 Payroll tax liability

- (1) Tax is payable by an employer in respect of wages to which this Act applies because of section 5 that are paid or payable by the employer on or after the commencement date.
- (2) Where, in respect of wages paid in relation to the performance of work, payroll tax is paid by an employment agent, no other person shall be liable to payroll tax in respect of that payment.

7 Employment of transitional staff

For this Act—

- (a) the Territory or the appropriate Territory authority, as the case requires, shall be taken to be the employer of a member of the transitional staff within the meaning of the *ACT Self-Government (Consequential Provisions) Act 1988* (Cwlth); and
- (b) the wages of that member shall be taken to be payable by the Territory or that authority, as the case requires.

9 Exemption from tax

- (1) Section 6 does not apply to wages paid or payable—
 - (a) by the Governor-General; or
 - (b) by a charitable organisation (other than a charitable organisation carried on for an educational purpose); or
 - (c) by a charitable organisation that is a school or college (other than a technical school or college) carried on by a body corporate, society or association and providing education at or below, but not above, the secondary level of education; or

- (d) by a hospital that is a recognised hospital under the *Health Insurance Act 1973* (Cwlth); or
- (e) to members of his or her official staff by a representative (other than a diplomatic or consular representative) in Australia of the government of another country; or
- (f) to a person who is a member of the Defence Force, being wages paid or payable by the employer from whose employment the person is on leave by reason of the person's being such a member; or
- (g) to a prescribed person, where the wages are in respect of the period of 2 years commencing on the first day of the person's employment by the employer by whom those wages were paid or are payable; or
- (h) from a bank account maintained under the *Financial Management Act 1996*, part 5 (not being such an account that is specified by the Minister by writing for this paragraph); or
- (i) by a Territory authority that is funded solely by money appropriated from the public money of the Territory by an Act.

Note Section 6 also does not apply to wages paid or payable to new starters employed for the first time in an industry or occupation while they receive up to 1 year of training starting in their first year of employment (see s 9A (Exemption from tax—new starters)).

- (2) An instrument under subsection (1) (h) is a disallowable instrument.

Note A disallowable instrument must be notified, and presented to the Legislative Assembly, under the *Legislation Act 2001*.

- (3) Section 6 does not apply to wages paid or payable by an employment agent to a person (the **subcontractor**) under a contract between the agent and the subcontractor for work performed by the subcontractor for a client of the agent in any of the following cases:

- (a) the subcontractor also supplies goods to the client under the contract and the wages amount to less than 50% of the value of

the consideration paid or payable by the agent to the subcontractor for services and goods supplied to that client;

- (b) the services provided by the subcontractor to the client are of a kind not ordinarily required by the employment agent and the subcontractor ordinarily renders services of that kind to the public generally;
- (c) the subcontractor is a body corporate and individuals of both the following kinds perform the work for which the wages are paid or payable:
 - (i) a director or shareholder of the body;
 - (ii) an employee of the body who is not a director or shareholder;
- (d) the subcontractor is a partnership and individuals of both the following kinds perform the work for which the wages are paid or payable:
 - (i) a partner;
 - (ii) an employee of the partnership;
- (e) the subcontractor is a sole trader and individuals of both of the following kinds perform the work for which the wages are paid or payable:
 - (i) the subcontractor;
 - (ii) an employee of the subcontractor;
- (f) the individuals who perform the work for which the wages are paid or payable together work for not more than 8 days in any month under a contract with the agent;
- (g) the subcontractor is a genuine employer of the individuals who perform the work for which the wages are paid.

(4) In subsection (3)—

- (a) a reference to a **contract** shall be taken to include a reference to an agreement, arrangement or undertaking, whether formal or informal and whether express or implied; and
- (b) a reference to **supply** shall be taken to include a reference to supply by way of sale, exchange, lease or hire; and
- (c) a reference to **services** shall be taken to include a reference to results (whether goods or services) of work performed.

(5) In subsection (1) (g):

prescribed person, in relation to an employer, means a person who was during a period longer than 12 months immediately prior to commencing employment with the employer—

- (a) registered as unemployed with the Commonwealth Employment Service; and
- (b) receiving an allowance in respect of that unemployment under the *Social Security Act 1991* (Cwlth);

disregarding any period not exceeding, or periods in the aggregate not exceeding, 4 weeks during which the person was not so registered or was not receiving such an allowance.

9A Exemption from tax—new starters

(1) This section applies to a person (the **new starter**) who—

- (a) is employed for the first time in an industry or occupation; and
- (b) is receiving eligible training for work in the industry or occupation.

(2) For this section, **eligible training** is training that is—

- (a) recognised training; and
- (b) takes place during a single continuous period (the **training period**) that—

- (i) starts within the first 12 months after the new starter is first employed in the industry or occupation; and
 - (ii) continues for no more than 12 months.
- (3) Section 6 does not apply to wages paid or payable to the new starter for employment in the industry or occupation during the training period.
- (4) Subsection (3) applies to the new starter only in relation to 1 single continuous period of training that is eligible training.
- (5) Subsection (3) applies even if—
 - (a) the new starter is employed at any time during the training period by an employer or employers different from the employer who first employed the new starter in the industry or occupation; or
 - (b) the new starter is not continuously employed in the industry or occupation during the training period; or
 - (c) the eligible training is a part of a course of training that began before the start of the training period, or continues after the end of the training period.
- (6) The Minister may, in writing, declare that approved training is not recognised training.
- (7) A declaration under subsection (6) is a disallowable instrument.

Note A disallowable instrument must be notified, and presented to the Legislative Assembly, under the *Legislation Act 2001*.

- (8) In this section:

approved training means—

- (a) training that is approved training for the *Vocational Education and Training Act 1995*; or

- (b) training for the purpose of enabling a person to become qualified in a vocation that is a prescribed vocation for the *Vocational Education and Training Act 1995*.

Note The *Vocational Education and Training Act 1995*, s 4 (1), defines **approved training** and **prescribed vocation** for that Act.

recognised training means approved training other than training declared under subsection (6) not to be recognised training.

- (7) An approval under subsection (2) (a) that is made within 1 week after the *Payroll Tax Amendment Act 2001* is notified in the Gazette may be expressed to be taken to have effect from 1 September 2001.
- (8) Subsection (7) is a provision to which the *Interpretation Act 1967*, section 42 (Repeal does not end transitional or validating effect) applies.

Note This will ensure that despite the expiry of s (7) (by the operation of s (9)), an approval mentioned in subsection (7), expressed to be taken to have effect from 1 September 2001, continues to be valid.

- (9) Subsections (7) and (8), and this subsection, expire 1 month after the *Payroll Tax Amendment Act 2001* is notified in the Gazette.

10 Amount of tax payable—independent employers

- (1) Where an employer is an independent employer in Australia during the whole of a financial year (whether or not he or she was an employer in the ACT during the whole of that year), the amount of tax payable in respect of wages paid or payable in the ACT by the employer during that year is the amount calculated in accordance with the formula:

$$\frac{A \times \text{ACTW}}{\text{AW}}$$

where:

A means the amount calculated by applying the determined rate to the sum of all taxable wages paid or payable in Australia by the employer during that year.

ACTW means the sum of all taxable wages paid or payable in the ACT by the employer during that year.

AW means the sum of all taxable wages paid or payable in Australia by the employer during that year.

- (2) Where an employer is an independent employer in Australia during a period of less than a whole financial year, being a period falling wholly within a financial year, (whether or not he or she was an employer in the ACT during the whole of that period), the amount of tax payable in respect of wages paid or payable in the ACT by the employer during that period is the amount calculated in accordance with the formula:

$$\frac{\text{ACTWP} \times \text{DP} \times \text{EAT}}{\text{DFY} \times \text{AWP}}$$

where:

ACTWP means the sum of all taxable wages paid or payable in the ACT by the employer during that period.

DP means the number of days in that period.

DFY means the number of days in the financial year in which that period falls.

AWP means the sum of all taxable wages paid or payable in Australia by the employer during that period.

EAT means the estimated Australian tax calculated by applying the determined rate to the amount calculated in accordance with the formula:

$$\frac{\text{AWP} \times \text{DFY}}{\text{DP}}$$

where:

AWP means the sum of all taxable wages paid or payable in Australia during that period.

DFY means the number of days in the financial year in which that period falls.

DP means the number of days in that period.

11 Amount of tax payable—group members

(1) Where an employer—

- (a) is a member of a group during part or all of a group year; and
- (b) if the employer is a member of the group during part only of that year—he or she is not an independent employer at any time during that year;

the amount of tax payable in respect of wages paid or payable in the ACT by the employer during that year is the amount calculated in accordance with the formula:

$$\frac{A \times ACTW}{AGW}$$

where:

A means the amount calculated by applying the determined rate to the sum of all taxable wages paid or payable in Australia by the group during that year.

ACTW means the sum of all taxable wages paid or payable in the ACT by the employer during that year.

AGW means the sum of all taxable wages paid or payable in Australia by the group during that year.

(2) Where—

- (a) an employer is a member of a group during part or all of a group period; and
- (b) if the employer is a member of the group during part only of the group period—he or she is not an independent employer at any time during the remainder of the group period;

the tax payable in respect of wages paid or payable in the ACT by the employer during the group period is the amount calculated in accordance with the formula:

$$\frac{ACTWP \times DGP \times EAT}{DFY \times AGWP}$$

where:

ACTWP means the sum of all taxable wages paid or payable in the ACT by the employer during the group period.

DGP means the number of days in the group period.

DFY means the number of days in the financial year within which the group period falls.

AGWP means the sum of all taxable wages paid or payable in Australia by the group during the group period.

EAT means the estimated Australian tax calculated by applying the determined rate to the amount calculated in accordance with the formula:

$$\frac{AGWP \times DFY}{DGP}$$

where:

AGWP means the sum of all taxable wages paid or payable in Australia by the group during the group period.

DFY means the number of days in the financial year in which the group period falls.

DGP means the number of days in the group period.

(3) Where an employer—

- (a) is a member of a group during part of a group period or group year; and

(b) is an independent employer during part or all of the remainder of the group period or group year;

the amount of tax payable in respect of wages paid or payable in the ACT by the employer during the group tax period is the amount calculated in accordance with the formula:

$$\frac{ACTW \times DGTP \times EAT}{DFY \times AGW}$$

where:

ACTW means the sum of all taxable wages paid or payable in the ACT by the employer during the group tax period.

DGTP means the number of days in the group tax period.

DFY means the number of days in the financial year in which the group period falls, or in the group year, as the case requires.

AGW means the sum of all taxable wages paid or payable in Australia by the group during the group tax period.

EAT means the estimated Australian tax calculated by applying the determined rate to the amount calculated in accordance with the formula:

$$\frac{AGW \times DFY}{DGTP}$$

where:

AGW means the sum of all taxable wages paid or payable in Australia by the group during the group tax period.

DFY means the number of day in the financial year in which the group period falls, or in the group year, as the case requires.

DGTP means the number of days in the group tax period.

- (4) In subsection (3):

group tax period means that part of the group period or group year, as the case requires, during which the employer was not an independent employer.

12 Interim tax—monthly returns

- (1) The amount of tax payable in respect of a monthly return by an employer who was an independent employer during the whole month to which the return relates is the amount calculated in accordance with the formula:

$$\frac{ACTWM \times EAT}{AWM \times 12}$$

where:

ACTWM means the sum of all taxable wages paid or payable in the ACT by the employer during that month.

AWM means the sum of all taxable wages paid or payable in Australia by the employer during that month.

EAT means the estimated Australian tax calculated by applying the determined rate to the amount equal to 12 times the sum of all taxable wages paid or payable by the employer in Australia during that month.

- (2) The amount of tax payable in respect of a monthly return by an employer who was a member of a group during the whole month to which the return relates is the amount calculated in accordance with the formula:

$$\frac{ACTWM \times EAT}{AGWM \times 12}$$

where:

ACTWM means the sum of all taxable wages paid or payable in the ACT by the employer during that month.

AGWM means the sum of all taxable wages paid or payable in Australia by the group during that month.

EAT means the estimated Australian tax calculated by applying the determined rate to the amount equal to 12 times the sum of all taxable wages paid or payable in Australia by the group during that month.

13 Interim tax—returns in respect of other periods

- (1) The amount of tax payable in respect of a return in relation to a period other than a financial year or a month (being a period that falls wholly within a financial year) by an employer who was an independent employer during the whole of that period is the amount calculated in accordance with the formula:

$$\frac{ACTWP \times DP \times EAT}{AWP \times DFY}$$

where:

ACTWP means the sum of all taxable wages paid or payable in the ACT by the employer during that period.

AWP means the sum of all taxable wages paid or payable in Australia by the employer during that period.

DP means the number of days in the period.

DFY means the number of days in the financial year within which the period falls.

EAT means the estimated Australian tax calculated by applying the determined rate to the amount calculated in accordance with the formula:

$$\frac{AWP \times DFY}{DP}$$

where:

AWP means the sum of all taxable wages paid or payable in Australia by the employer during that period.

DFY means the number of days in the financial year within which that period falls.

DP means the number of days in that period.

- (2) The amount of tax payable in respect of a return in relation to a period other than a financial year or a month (being a period that falls wholly within a financial year) by an employer who was a member of a group during the whole of that period is the amount calculated in accordance with the formula:

$$\frac{ACTWP \times DP \times EAT}{AGWP \times DFY}$$

where:

ACTWP means the sum of all taxable wages paid or payable in the ACT by the employer during that period.

AGWP means the sum of all taxable wages paid or payable in Australia by the group during that period.

DP means the number of days in the period.

DFY means the number of days in the financial year within which that period falls.

EAT means the estimated Australian tax calculated by applying the determined rate to the amount calculated in accordance with the formula:

$$\frac{AGWP \times DFY}{DP}$$

where:

AGWP means the sum of all taxable wages paid or payable in Australia by the group during that period.

DFY means the number of days in the financial year within which that period falls.

DP means the number of days in that period.

14 Annual reconciliation

- (1) For the *Taxation Administration Act 1999*—
 - (a) if the total amount of any interim tax paid by an employer in relation to wages paid or payable by the employer during any financial year exceeds the amount of tax payable by the employer under section 10 or 11 in respect of those wages, the employer has overpaid an amount of tax equal to the difference between the amount of interim tax paid and the amount of tax payable; and
 - (b) if the total amount of any interim tax paid by an employer in relation to wages paid or payable by the employer during any financial year is less than the amount of tax payable by the employer under section 10 or 11 in respect of those wages, the employer has underpaid an amount of tax equal to the difference between the amount of interim tax paid and the amount of tax payable.
- (2) Where, on assessing the amount of tax payable in respect of wages paid or payable by an employer in any financial year, it appears to the commissioner that the employer has underpaid an amount of tax because of subsection (1) (b)—
 - (a) the commissioner shall serve on the employer notice in writing specifying—
 - (i) the amount of tax payable; and
 - (ii) the amount of interim tax paid; and
 - (iii) the date on which the underpaid amount becomes due and payable, being a date not less than 30 days after the date of the notice; and

- (b) interest is not payable on the underpaid amount on or before the date on which the amount becomes due and payable.

Part 3 Returns

16 Returns

- (1) If the sum of all taxable wages paid or payable in Australia by an employer in any month exceeds the amount determined for this subsection under the *Taxation Administration Act 1999*, section 139 the employer shall—
 - (a) lodge a return in relation to that month; and
 - (b) lodge a return in relation to each subsequent month in the financial year in which the firstmentioned month falls; and
 - (c) pay any interim tax that is payable in respect of each return because of section 12 (1) or (2), as the case requires.
- (2) A return shall—
 - (a) be in writing; and
 - (b) be lodged within 7 days after the end of the month; and
 - (c) specify the taxable wages that were paid or payable by the employer during that month.

Note If a form is approved under the *Taxation Administration Act 1999*, s 139C (Approved forms) for a return, the form must be used.

17 Returns—variation of time for lodging

- (1) An employer may apply to the commissioner for variation of the periods in relation to which, or the time within which, the employer is to lodge returns.
- (2) An application shall—
 - (a) be in writing, addressed to the commissioner; and
 - (b) specify—
 - (i) the name and address of the applicant; and

(ii) the grounds on which the variation is sought.

(3) Where the commissioner is satisfied that it would be unduly onerous for the employer—

(a) to lodge a return in relation to each month; or

(b) to lodge a return within 7 days after the end of each month;

the commissioner may, by notice in writing addressed to the employer vary the periods in relation to which, or the time within which, the employer is to lodge returns.

(4) While a notice is in force in relation to an employer, the employer shall—

(a) lodge returns in accordance with the notice; and

(b) pay any interim tax payable in respect of each return because of section 13 (1) or (2), as the case requires.

(5) Where—

(a) a notice is in force in relation to an employer; and

(b) the commissioner is no longer satisfied that it would be unduly onerous for the employer to lodge returns in relation to each month, or within 7 days after the end of each month;

the commissioner may, by notice in writing addressed to the employer, revoke the firstmentioned notice.

18 Monthly returns—exemptions

(1) An employer who is of the opinion that—

(a) the employer is not liable to pay tax; or

(b) tax the employer pays will be refunded;

may apply to the commissioner for an exemption from lodging returns under section 16.

- (2) An application shall—
- (a) be in writing, addressed to the commissioner; and
 - (b) specify—
 - (i) the amount of wages payable by the employer; and
 - (ii) the amount of tax (if any) that, in the employer's opinion, the employer is liable to pay.
- (3) Where the commissioner is satisfied that—
- (a) tax will not be payable by the employer; or
 - (b) tax paid by the employer will be refunded;
- the commissioner may grant a certificate to the employer exempting the employer from lodging returns under section 16.
- (4) An exemption certificate may be granted subject to such conditions as the commissioner determines.
- (5) While an exemption certificate is in force in respect of an employer—
- (a) the employer need not lodge returns under section 16; and
 - (b) the employer shall lodge a return relating to each financial year or other period specified in the certificate within 21 days after the end of the financial year or within such other period as is specified in the certificate.
- (6) Where—
- (a) an exemption certificate is in force in respect of an employer; and
 - (b) the commissioner is no longer satisfied that tax will not be payable by the employer or, if tax is payable, that it will be refunded;
- the commissioner may, by notice in writing addressed to the employer, cancel the exemption certificate.

- (7) The commissioner may, if he or she considers it appropriate to do so, vary a condition subject to which an exemption certificate is issued.

Part 4 Miscellaneous

19 Review of decisions

Applications may be made to the administrative appeals tribunal for a review of a decision of the commissioner—

- (a) under section 3B (1) or 3C, that a service contract was entered into with an intention either directly or indirectly of avoiding or evading the payment of tax; or
- (b) under section 3B (2) (d); or
- (c) under section 5A, disregarding an agreement, transaction or arrangement; or
- (d) refusing to give, or revoking, a notice under section 17; or
- (e) under section 18 refusing to grant, or cancelling, an exemption certificate; or
- (f) under section 18 imposing or varying conditions in relation to an exemption certificate.

20 Notification of decisions

- (1) Where the commissioner makes a decision of the kind referred to in section 19, he or she shall cause notice in writing of the decision to be given to the employer concerned.
- (2) A notice under subsection (1) shall be in accordance with the requirements of the code of practice in force under the *Administrative Appeals Tribunal Act 1989*, section 25B (1) .

21 Regulation-making power

The Executive may make regulations for this Act.

Note Regulations must be notified, and presented to the Legislative Assembly, under the *Legislation Act 2001*.

Endnotes

1 About the endnotes

Endnotes

1 About the endnotes

Amending and modifying laws are annotated in the legislation history and the amendment history. Current modifications are not included in the republished law but are set out in the endnotes.

Not all editorial amendments made under the *Legislation Act 2001*, part 11.3 are annotated in the amendment history. Full details of any amendments can be obtained from the Parliamentary Counsel's Office.

Uncommenced amending laws are listed in the legislation history and the amendment history. These details are underlined. Uncommenced provisions and amendments are not included in the republished law but are set out in the last endnotes.

If all the provisions of the law have been renumbered, a table of renumbered provisions gives details of previous and current numbering.

The endnotes also include a table of earlier republications.

If the republished law includes penalties, current information about penalty unit values appears on the republication inside front cover.

2 Abbreviation key

am = amended	ord = ordinance
amdt = amendment	orig = original
ch = chapter	p = page
cl = clause	par = paragraph
def = definition	pres = present
dict = dictionary	prev = previous
disallowed = disallowed by the Legislative Assembly	(prev...) = previously
div = division	prov = provision
exp = expires/expired	pt = part
Gaz = Gazette	r = rule/subrule
hdg = heading	reg = regulation/subregulation
ins = inserted/added	renum = renumbered
LA = Legislation Act 2001	reloc = relocated
LR = legislation register	R[X] = Republication No
LRA = Legislation (Republication) Act 1996	s = section/subsection
mod = modified / modification	sch = schedule
No = number	sdiv = subdivision
o = order	sub = substituted
om = omitted/repealed	SL = Subordinate Law
	<u>underlining</u> = whole or part not commenced

3 Legislation history

The *Payroll Tax Act 1987* was originally the *Payroll Tax Ordinance 1987*. It became an ACT Act on self-government (11 May 1989).

Before 11 May 1989, ordinances commenced on their notification day unless otherwise stated (see *Seat of Government (Administration) Act 1910* (Cwlth), s 12).

Legislation before self-government

Payroll Tax Act 1987 No 40

notified 31 July 1987

commenced 1 August 1987 (Gaz 1987 No S193)

as amended by

Payroll Tax (Amendment) Ordinance 1988 No 32

notified 30 June 1988

commenced 1 July 1988

Payroll Tax (Amendment) Ordinance 1989 No 15

notified 22 March 1989

commenced 22 March 1989

Self-Government (Consequential Amendments) Ordinance 1989 No 38

notified 10 May 1989

s 1, s 2 commenced 10 May 1989 (s 2 (1))

remainder commenced 11 May 1989 (s 2 (2) and Gaz 1989 No S164)

Legislation after self-government

Payroll Tax (Amendment) Act 1989 No 17

notified 31 October 1989 (Gaz 1989 No S33)

commenced 1 November 1989 (s 2)

Payroll Tax (Amendment) Act 1993 No 6

notified 1 March 1993 (Gaz 1993 No S23)

commenced 1 March 1993 (s 3)

Payroll Tax (Amendment) Act 1994 No 16

notified 20 May 1994 (Gaz 1994 No S87)

commenced 1 April 1994 (s 2)

Endnotes

Administrative Appeals (Consequential Amendments) Act 1994 No 60 sch 1

notified 11 October 1994 (Gaz 1994 No S197)
s 1, s 2 commenced 11 October 1994 (s 2 (1))
sch 1 commenced 14 November 1994 (s 2 (2) and Gaz 1994 No S250)

Payroll Tax (Amendment) Act 1995 No 10

notified 30 June 1995 (Gaz 1995 No S135)
ss 1-3 commenced 30 June 1995 (s 2 (1))
remainder commenced 1 July 1995 (s 2 (2) and Gaz 1995 No S158)

Consumer Credit (Consequential Provisions) Act 1995 No 19 s 8

notified 5 September 1995 (Gaz 1995 No S212)
s 1, s 2 commenced 5 September 1995 (s 2 (1))
s 8 commenced 1 November 1996 (s 2 (2) and Gaz 1996 No S273)

Financial Management and Audit (Consequential and Transitional Provisions) Act 1996 No 26 sch

notified 1 July 1996 (Gaz 1996 No S130)
commenced 1 July 1996 (s 2)

Payroll Tax (Amendment) Act 1997 No 101

notified 24 December 1997 (Gaz 1997 No S420)
s 4 commenced 1 July 1996 (s 2 (2))
remainder commenced 24 December 1997 (s 2 (1))

Taxation Administration (Consequential and Transitional Provisions) Act 1999 No 5 sch 2

notified 1 March 1999 (Gaz 1999 No S8)
commenced 1 March 1999 (s 2)

Payroll Tax (Amendment) Act 1999 No 26

notified 6 May 1999 (Gaz 1999 No S22)
commenced 6 May 1999 (s 2)

Payroll Tax (Amendment) Act (No 2) 1999 No 42

notified 12 July 1999 (Gaz 1999 No S44)
commenced 6 May 1999 (s 2)

Financial Relations Agreement Consequential Amendments Act 2000 No 34 pt 4

notified 6 July 2000 (Gaz 2000 No S33)
 s 1, s 2 commenced 6 July 2000 (IA s 10B)
 pt 4 taken to have commenced 1 July 2000 (s 2 (1))

Legislation (Consequential Amendments) Act 2001 No 44 pt 277

notified 26 July 2001 (Gaz 2001 No 30)
 s 1, s 2 commenced 26 July 2001 (IA s 10B)
 pt 277 commenced 12 September 2001 (s 2 and Gaz 2001 No S65)

Payroll Tax Amendment Act 2001 No 87

notified 31 August 2001 (Gaz 2001 No S64)
 s 1, s 2 commenced 31 August 2001 (IA s 10B)
 remainder commenced 1 September 2001 (s 2)

Treasury Legislation Amendment Act 2002 No 7 pt 5

notified LR 17 April 2002
 s 1, s 2 commenced 17 April 2002 (LA s 75)
 pt 5 taken to have commenced 1 September 2001 (s 2 (4))

4 Amendment history

Commencement

s 2 om 2001 No 44 amdt 1.3105

Incorporation of the Taxation Administration Act

s 2A ins 1988 No 32
 sub 1999 No 5

Interpretation for this Act

s 3 am 1988 No 32; ss renum R7 LA
 def **apprentice** om 2001 No 87 s 4
 def **determined rate** am 1999 No 5
 def **employer** am 1989 No 17 s 4
 sub 1993 No 6 s 4
 def **employment agent** ins 1989 No 17 s 4
 def **new starter** ins 2001 No 87 s 5
 def **pay** ins 1989 No 17 s 4
 def **superannuation benefit** ins 1997 No 101 s 4
 def **Tribunal** ins 1989 No 38
 om 1994 No 60
 def **wages** am 1989 No 17 s 4; 1997 No 101 s 4; pars renum R7 LA

Endnotes

4 Amendment history

Value of benefit

s 3A ins 1989 No 17
sub 1994 No 16

Application of Act to certain contracts

s 3B ins 1989 No 17
am 1995 No 19; 2000 No 34 s 33

Contracts that are not service contracts

s 3C ins 1989 No 17

Agreement etc to reduce or avoid liability to payroll tax

s 5A ins 1989 No 17

Payroll tax liability

s 6 sub 1988 No 32
am 1989 No 17

Employment of transitional staff

s 7 om 1988 No 32
ins 1993 No 6

General deduction

s 8 om 1988 No 32

Exemption from tax

s 9 am 1988 No 32; 1989 No 15; 1993 No 6; 1995 No 10; 1996 No 26; 1999 No 26; 1999 No 42 s 4; 2001 No 44 amdt 1.3106; 2001 No 87 s 6, s 8; pars renum R7 LA (see 2001 No 87 s 7)

Exemption from tax—new starters

s 9A ins 2001 No 87 s 9
am 2002 No 7 ss 23-25
(7)-(9) (ins 2001 No 87 s 9) exp 30 September 2001 (s 9A (9))

Amount of tax payable—independent employers

s 10 sub 1988 No 32

Amount of tax payable—group members

s 11 sub 1988 No 32

Interim tax—monthly returns

s 12 sub 1988 No 32

Interim tax—returns in respect of other periods

s 13 sub 1988 No 32

Annual reconciliation

s 14 sub 1988 No 32
am 1999 No 5

Part-year adjustments

s 15 om 1988 No 32

Returns

s 16 am 1988 No 32; 1999 No 5; 2001 No 44 amdt 1.3107, amdt 1.3108

Returns—variation of time for lodging

s 17 am 1988 No 32

Monthly returns—exemptions

s 18 am 1988 No 32

Review of decisions

s 19 am 1988 No 32; 1989 No 38; 1989 No 17; 1994 No 60; pars renum R7 LA

Notification of decisions

s 20 am 1989 No 38; 1994 No 60

Regulation-making power

s 21 orig s 21 om 1999 No 26
ins 2001 No 44 amdt 1.3109

Regulations

s 22 am 1989 No 38
om 2001 No 44 amdt 1.3109

5 Earlier republications

Some earlier republications were not numbered. The number in column 1 refers to the publication order.

Since 12 September 2001 every authorised republication has been published in electronic pdf format on the ACT legislation register. A selection of authorised republications have also been published in printed format. These republications are marked with an asterisk (*) in column 1. Except for the footer, electronic and printed versions of an authorised republication are identical.

Republication No	Amendments to	Republication date
1	Act 1989 No 17	31 March 1991
2	Act 1993 No 6	30 April 1993
3	Act 1994 No 60	28 February 1995
4	Act 1996 No 26	30 November 1996
5	Act 1997 No 101	31 January 1998
6	Act 1999 No 42	31 July 1999

Authorised when accessed at www.legislation.act.gov.au or in authorised printed form

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