

1997

**THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

PAYROLL TAX (AMENDMENT) BILL 1997

EXPLANATORY MEMORANDUM

Circulated by the authority of the Chief Minister and Treasurer

Kate Carnell MLA

Payroll Tax (Amendment) Bill 1997

Summary

On 24 June 1996, the Government announced the extension of the payroll tax base to cover all employer funded superannuation contributions from 1 July 1996

The Payroll Tax (Amendment) Bill 1997 clarifies that the *Payroll Tax Act 1987* (the Act) is intended to include as “wages” for payroll tax purposes, all employer funded superannuation contributions

The Bill also validates revenue collections for this purpose, with effect from 1 July 1996

In addition, the Bill validates as taxable wages, superannuation contributions by employers that are a substitute for direct salary (salary sacrifice)

Financial implications

This measure is revenue neutral. It has no additional regulatory or financial implications for ACT taxpayers who have met their payroll tax obligations since July 1996, in accordance with Government policy as announced and the intention of the law

Details of the Bill are attached



Details of the Payroll Tax (Amendment) Bill 1997

Title

Clause 1 provides for the short title for this Act to be the *Payroll Tax (Amendment) Act 1997*

Commencement

Clause 2 provides for the commencement of this Act

Principal Act

Clause 3 refers to the Principal Act being amended as the *Payroll Tax Act 1987*

Interpretation

Clause 4 amends section 3 of the Principal Act by

in subsection (1)

- inserting after paragraph (a) in the definition of “wages”, paragraph “(ab) a superannuation benefit,”
- inserting a definition of “superannuation benefit”

after subsection (1)

- subsection (1A) - clarifying that superannuation benefits are taxable if paid or payable to a person whose wages or other remuneration are subject to payroll tax
- subsection (1B) - clarifying the meaning of an unfunded superannuation, provident or retirement scheme

omitting subsection (3) and substituting a new subsection (3) which provides that a reference to a “benefit” in the Principal Act is taken to include a reference to a fringe benefit for the purposes of the *Fringe Benefits Tax Assessment Act 1986*, but is not to be taken to include a superannuation benefit

Validation

Clause 5 validates the amounts collected by way of tax under the Principal Act in respect of superannuation benefits paid by employers, before 1 July 1996, that were a substitute for direct salary (salary sacrifice)

