



Australian Capital Territory

Payroll Tax Amendment Act 2025

A2025-38

An Act to amend the *Payroll Tax Act 2011*

The Legislative Assembly for the Australian Capital Territory enacts as follows:

1 Name of Act

This Act is the *Payroll Tax Amendment Act 2025*.

2 Commencement

This Act is taken to have commenced on 1 July 2025.

Note The naming and commencement provisions are taken to have commenced on 1 July 2025 (see [Legislation Act](#), s 75 (2)).

3 Legislation amended

This Act amends the *Payroll Tax Act 2011*.

**4 Amount of payroll tax
New section 8 (2) and (3)**

insert

- (2) However, for the financial year beginning on 1 July 2025, the amount of payroll tax payable by an employer must be worked out in accordance with schedule 2A instead of schedules 1 and 2, if the total wages paid or payable by the employer for the financial year are more than \$150 million.

- (3) In this section:

total wages, for the financial year beginning on 1 July 2025—see schedule 2A (Special provisions for 2025-2026 financial year), section 2A.2 (4).

**5 Motor vehicle allowances
New section 29 (6A)**

insert

- (6A) A reference in subsection (6) to the method in schedule 1, part 1.5 includes that method as applied under schedule 2A, division 2A.2.5.

6 Calculation of correct amount of payroll tax
New section 82 (1A)

insert

- (1A) However, the ***correct amount of payroll tax*** payable by an employer for the financial year beginning on 1 July 2025, if the total wages paid or payable by the employer for the financial year are more than \$150 million, is the amount worked out under the following divisions of schedule 2A for the financial year:
- (a) division 2A.2.2 (Employers who are not members of a group);
 - (b) division 2A.2.3 (Groups with a designated group employer);
 - (c) division 2A.2.4 (Groups with no designated group employer).

7 New section 82 (4)

insert

- (4) In this section:
- total wages***, for the financial year beginning on 1 July 2025—see schedule 2A (Special provisions for 2025-2026 financial year), section 2A.2 (4).

8 New schedule 2A

insert

Schedule 2A Special provisions for 2025-2026 financial year

(see s 8 (2), 29 (6A) and 82 (1A))

Part 2A.1 Preliminary

2A.1 Definitions—sch 2A

In this schedule:

2025-2026 financial year means the financial year beginning on 1 July 2025.

annual threshold amount means the amount determined under the *Taxation Administration Act 1999*, section 139 for this Act, schedule 1 for the 2025-2026 financial year.

Note The annual threshold amount under the *Taxation Administration (Amounts and Rates—Payroll Tax) Determination 2025* (DI2025-161) is \$2 000 000.

N means each of the following periods:

- (a) the period beginning on 1 July 2025 and ending on 31 December 2025;
- (b) the period beginning on 1 January 2026 and ending on 30 June 2026.

R means—

- (a) for the period beginning on 1 July 2025 and ending on 31 December 2025—the rate determined under the *Taxation Administration Act 1999*, section 139 for schedule 1 or schedule 2, part 2.1 for the 2025-2026 financial year; and

Note The applicable rate under the *Taxation Administration (Amounts and Rates—Payroll Tax) Determination 2025* (DI2025-161) is 7.85%.

- (b) for the period beginning on 1 January 2026 and ending on 30 June 2026—8.75%.

2A.2 Application—sch 2A

- (1) This schedule applies to an employer if the total wages paid or payable by the employer for the 2025-2026 financial year are more than \$150 million.
- (2) Despite subsection (1), this schedule does not apply to the following employers:
 - (a) Australian Catholic University;
 - (b) Charles Sturt University;
 - (c) Australian National University;
 - (d) University of New South Wales;
 - (e) University of Canberra.
- (3) This schedule applies for the purpose of working out the payroll tax payable by the employer for the 2025-2026 financial year.
- (4) In this section:

total wages, for the 2025-2026 financial year, means—

- (a) for an employer who is not a member of a group—the total taxable wages and interstate wages paid or payable by the employer in the 2025-2026 financial year; or

- (b) for an employer who is a member of a group for which there is a designated group employer—the total taxable wages and interstate wages paid or payable by the group in the 2025-2026 financial year; or
- (c) for an employer who is a member of a group for which there is no designated group employer—the total taxable wages and interstate wages paid or payable by the group in the 2025-2026 financial year.

Part 2A.2 Calculation of payroll tax liability

Division 2A.2.1 Preliminary

2A.3 Calculation of payroll tax for 2025-2026 financial year

The amount of payroll tax payable by the employer in the 2025-2026 financial year is the sum of—

- (a) the amount payable by the employer for the period beginning on 1 July 2025 and ending on 31 December 2025 worked out in accordance with this schedule; and
- (b) the amount payable by the employer for the period beginning on 1 January 2026 and ending on 30 June 2026 worked out in accordance with this schedule.

Division 2A.2.2 Employers who are not members of a group

2A.4 Application—div 2A.2.2

This division applies only to an employer who is not a member of a group.

2A.5 Definitions—div 2A.2.2

In this division:

C means the number of days in N in relation to which the employer paid or was liable to pay taxable wages or interstate wages (otherwise than as a member of a group).

IW means the total interstate wages paid or payable by the employer (otherwise than as a member of a group) for N.

TA (or *threshold amount*), for the 2025-2026 financial year, means the amount calculated by multiplying the annual threshold amount by $C/365$.

TW means the total taxable wages paid or payable by the employer (otherwise than as a member of a group) for N.

2A.6 Calculation of payroll tax

The employer is liable to pay as payroll tax for the 2025-2026 financial year the amount worked out as follows:

$$\left[TW - \left[\frac{TW}{TW+IW} \times TA \right] \right] \times R$$

Division 2A.2.3 Groups with a designated group employer**2A.7 Application—div 2A.2.3**

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

2A.8 Definitions—div 2A.2.3

In this division:

C means the number of days in N in relation to which at least 1 member of the group paid or was liable to pay taxable wages or interstate wages (as a member of a group).

GIW means the total interstate wages paid or payable by the group for N.

GTW means the total taxable wages paid or payable by the group for N.

TA (or **threshold amount**), for the 2025-2026 financial year, means the amount calculated by multiplying the annual threshold amount by C/365.

TW means the total taxable wages paid or payable by the employer (as a member of the group) for N.

2A.9 Calculation of payroll tax

- (1) The designated group employer for the group is liable to pay as payroll tax for the 2025-2026 financial year the amount worked out as follows:

$$\left[TW - \left[\frac{GTW}{GTW+GIW} \times TA \right] \right] \times R$$

- (2) Each member of the group (other than the designated group employer) is liable to pay as payroll tax for the 2025-2026 financial year the amount worked out as follows:

$$TW \times R$$

Division 2A.2.4 Groups with no designated group employer

2A.10 Application—div 2A.2.4

This division applies only to an employer who is a member of a group for which there is no designated group employer.

2A.11 Meaning of *TW*—div 2A.2.4

In this division:

TW means the total taxable wages paid or payable by the employer (as a member of the group) for N.

2A.12 Calculation of payroll tax

Each member of the group is liable to pay as payroll tax for the 2025-2026 financial year the amount worked out as follows:

$$TW \times R$$

Division 2A.2.5 Motor vehicle allowances**2A.13 Working out business kilometres**

Schedule 1, part 1.5 applies to this schedule for the purpose of working out K and the exempt component of a motor vehicle allowance paid or payable for the 2025-2026 financial year under section 29.

Part 2A.3 Calculation of monthly payroll tax**2A.14 Calculation of monthly payroll tax**

- (1) Schedule 2 applies for the purpose of calculating the payroll tax payable by an employer in a month in the 2025-2026 financial year.
- (2) However, subsection (3) also applies if the total taxable wages paid or payable by an employer, or members of a group of which the employer is a member, in a month are more than \$12 500 000 for a month in the period beginning on 1 January and ending on 30 June in the 2025-2026 financial year.

- (3) A reference in a provision of schedule 2 to *R*, or the rate determined under the *Taxation Administration Act 1999*, section 139 for the provision, is taken to be a reference to 8.75% for the purpose of calculating the payroll tax payable by the employer for the period beginning on 1 January and ending on 30 June in the 2025-2026 financial year.

Endnotes

1 Presentation speech

Presentation speech made in the Legislative Assembly on 3 September 2025.

2 Notification

Notified under the [Legislation Act](#) on 15 December 2025.

3 Republications of amended laws

For the latest republication of amended laws, see www.legislation.act.gov.au.

I certify that the above is a true copy of the Payroll Tax Amendment Bill 2025, which was passed by the Legislative Assembly on 4 December 2025.

Clerk of the Legislative Assembly