

AUSTRALIAN CAPITAL TERRITORY

TAXATION (ADMINISTRATION) ACT 1987

PAYROLL TAX ACT 1987

DETERMINATION No. 99 of 1996

EXPLANATORY STATEMENT

The *Taxation (Administration) Act 1987* deals with the administration of various tax laws relating to the imposition and collection of certain taxes, duties and fees. These tax laws are specified in section 3 of the Act. Section 99 (1) empowers the Minister to determine these taxes, duties and fees.

One of the specified tax laws is the *Payroll Tax Act 1987*.

This instrument revokes Determination No. 167 of 1995 dated 29 December 1995 and notified in the Australian Capital Territory Gazette No. S328 of 29 December 1995, and replaces it with a further determination.

The new Determination sets both the annual wages thresholds above which an employer is required to pay payroll tax and the monthly wages thresholds below which no employer is required to lodge returns and pay payroll tax. The new Determination also reduces the rate of payroll tax from 7% to 6.85% with effect from 1 July 1996.

This is in line with the Government's announcement to extend the payroll tax base to include employer funded superannuation contributions while, at the same time, reducing the rate of payroll tax to 6.85% and increasing the annual threshold to \$700,000 from 1 January 1997 and then to \$800,000 from 1 January 1998. The current threshold is \$600,000.

Payroll tax, although collected monthly by instalments, is an annual tax based on wages paid during the whole or part of a financial year. Such increases in the thresholds from 1 January 1997 and 1 January 1998 will have the following effect on the financial year thresholds.

1996 - 97	\$650,000 (average of \$600,000 and \$700,000)
1997 - 98	\$750,000 (average of \$700,000 and \$800,000)
1998 - 99 and beyond	\$800,000

The monthly thresholds, from 1 July 1996, based on those financial year thresholds will be

\$54,166 67	to 30 June 1997,
\$62,500 00	to 30 June 1998, then
\$66,666 67	from 1 July 1998 and beyond

Authorised by the Treasurer, Kate Carnell, MLA