

1999

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

PAYROLL TAX (AMENDMENT) BILL (NO.2) 1999

EXPLANATORY MEMORANDUM

Circulated by the authority of the Chief Minister and Treasurer

Kate Carnell MLA

Payroll Tax (Amendment) Bill (No.2) 1999

Summary

The Payroll Tax (Amendment) Bill (No.2) 1999 clarifies that wages paid by employment agents to contractors, who are bona-fide employers in their own right, continue to remain exempted.

The Payroll Tax (Amendment) Act 1999, Gazetted on 6 May 1999, sought to address two Victorian Supreme Court decisions; provide greater certainty and objectivity for taxpayers in order to reduce overall compliance costs and, where possible, be consistent with legislative amendments in Victoria and New South Wales.

As a result of representations from the employment agent industry, it is recognised that the attempt to tighten current exemptions could inadvertently affect some bona fide employers in their own right, who supply the services of their employees through employment agents. This impact would be inconsistent with government policy and is not in line with the intention of the legislation.

This Bill will rectify this unintended consequence and clarify for employment agents that wages paid by them, to contractors, who are bona-fide employers in their own right, will continue to remain exempt. For this reason, the Bill will be given a retrospective commencement date to 6 May 1999.

Financial implications

This measure is revenue neutral and will ensure that there are no additional regulatory or financial implications for ACT employment agents.

Details of the Bill are attached.



Details of the Payroll Tax (Amendment) Bill 1999

Title

Clause 1 provides for the short title for this Act to be the *Payroll Tax (Amendment) Act (No.2) 1999*.

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*.

Exemption from tax

Clause 4 amends section 9 of the Principal Act by adding at the end of subsection (3), a new paragraph (g) which provides that:

- section 6 of the Act 'does not apply to wages paid or payable by an employment agent to a person under a contract between the agent and that person in relation to the performance of work by that person for a client of the employment agent' where
 - the person is a genuine employer of the individuals who are performing the work for which the wages are paid or payable.

