

Taxation Administration (Amounts and Rates-Payroll Tax) Determination 2011 (No 1)

Disallowable instrument DI2011-133

made under the

Taxation Administration Act 1999, s 139 (Determination of amounts payable under tax laws)

EXPLANATORY STATEMENT

1. This Disallowable Instrument commences on 1 July 2011.
2. Under section 139 of the *Taxation Administration Act 1999*, the Minister has the authority to determine, in writing by disallowable instrument, amounts and rates applicable for the *Payroll Tax Act 2011*.
3. Previously, the threshold was determined for the *Payroll Tax Act 1987*.
4. The *Payroll Tax Act 2011* which commences on 1 July 2011, rewrites the *Payroll Tax Act 1987* and harmonises payroll tax legislation with other states and territory.
5. The purpose of this instrument is to determine the threshold for the payment of ACT payroll tax under the *Payroll Tax Act 2011* commencing on 1 July 2011. Section 86 requires employers to register once they exceed the monthly threshold as determined and they must then lodge monthly returns and pay their payroll tax liability.
6. Payroll tax is collected monthly, but is an annual tax based on wages paid or payable during the whole or part of a financial year. The monthly wages threshold above which an employer is required to register for ACT payroll tax is determined at \$125,000 for the financial year 2011-2012 and future financial years.
7. The instrument also determines the rate used to calculate payroll tax on the total wages paid or payable in excess of the monthly threshold of \$125,000 (\$1,500,000 per annum) at 6.85%.
8. The threshold and rate are unchanged from the previous instrument.

9. This instrument revokes Disallowable Instrument No 77 of 2008. However, DI2008-77 continues to apply to payroll tax on taxable wages (within the meaning of the *Payroll Tax Act 1987*) paid or payable before 1 July 2011.

Authorised by the Treasurer
Katy Gallagher MLA