

Australian Capital Territory

Taxation Administration (Amounts and Rates—Payroll Tax) Determination 2016 (No 1)

Disallowable instrument DI2016–145

made under the

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

EXPLANATORY STATEMENT

This instrument is the *Taxation Administration (Amounts and Rates—Payroll Tax) Determination 2016 (No 1)*.

This instrument commences on 1 July 2016.

As part of the 2016–17 Budget, the ACT Government is continuing to reform the Territory’s taxation system, including reform to the payroll tax system. Following increases to the payroll tax threshold in the 2012–13 and 2014–15 financial years, this instrument further increases the annual Australia-wide wages tax free threshold for payroll tax in the Territory, thereby reducing the number of businesses liable to pay payroll tax.

Under section 139 of the *Taxation Administration Act 1999*, the Minister has the authority to determine, by disallowable instrument, the amounts and rates applicable under the *Payroll Tax Act 2011*.

This instrument determines the threshold for the payment of ACT payroll tax under the *Payroll Tax Act 2011* commencing on 1 July 2016. It increases the annual Australia-wide wages tax free threshold from \$1,850,000 to \$2,000,000 and the monthly threshold from \$154,166.66 to \$166,666.66.

Payroll tax is collected monthly, but is an annual tax based on Australia-wide 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 \$166,666.66 for the 2016–17 and future financial years.

This instrument also determines a rate of 6.85 per cent to calculate payroll tax on the total wages paid or payable in excess of the monthly threshold of \$166,666.66

(\$2,000,000 per annum). This rate remains unchanged from the 2015-16 financial year.

This instrument revokes DI2014-180. However, DI2014-180 continues to apply to payroll tax on taxable wages (within the meaning of the *Payroll Tax Act 2011*) paid or payable between 1 July 2014 and 30 June 2016, inclusive.

Authorised by the Treasurer
Andrew Barr MLA