

Australian Capital Territory

Taxation Administration (Payroll Tax) COVID-19 Exemption Scheme Determination 2021 (No 2)

Disallowable instrument DI2021–177

made under the

Taxation Administration Act 1999, s 137E (COVID-19 Exemption Scheme)

EXPLANATORY STATEMENT

On 12 August 2020, the Government announced a Youth Support Package to address the economic impacts of COVID-19 on young people.

As part of the Youth Support Package, the *Taxation Administration (Payroll Tax) COVID-19 Exemption Scheme Determination 2020* determined a scheme to exempt wages paid or payable to eligible apprentices or trainees for the period 1 August 2020 to 31 January 2021. *Taxation Administration (Payroll Tax) COVID-19 Exemption Scheme Determination 2021* extended the operation of the payroll tax exemption for eligible apprentices or trainees until 30 June 2021, in line with the Government's further announcement of 17 December 2020.

This instrument (the **Payroll Tax Exemption Determination**) provides for the operation of a further payroll tax exemption for eligible apprentices or trainees for the period 1 July 2021 to 30 June 2022.

A payroll tax exemption for wages paid to certain apprentices or trainees will reduce the costs associated with taking on a new apprentice or trainee, or to recommence a suspended approved training contract with an existing apprentice or trainee and may encourage employers to take on additional staff from target cohorts.

Wages paid to certain apprentices and trainees are already exempt from payroll tax under the *Payroll Tax Act 2011*. Payroll tax exemptions to wages paid or payable to new employees who are apprentices or trainees and existing casual employees who become apprentices or trainees provide a broader incentive to any employers who take on apprentices and trainees.

Payroll Tax Exemption Determination

The Payroll Tax Exemption Determination:

- reduces the costs associated with taking on apprentices or trainees; and
- encourages employers to take on additional apprentices or trainees from target cohorts.

The Payroll Tax Exemption Determination sets out, for the purposes of the exemption:

- the eligibility requirements; and
- the period of exemption.

Eligible employees

The exemption applies to wages paid or payable to eligible employees for the period 1 July 2021 to 30 June 2022 inclusive.

An eligible employee is any apprentice or trainee who, on or after 1 August 2020, either:

- commences an approved training contract with an employer, and either:
 - had not been employed by the employer or an employer of the same group in the month before the commencement of the approved training contract; or
 - had been a casual employee of that employer prior to commencement of the approved training contract; or
- recommences a suspended approved training contract with their employer which had been suspended prior to 1 August 2020 as a result of the COVID-19 emergency.

To support the integrity of the measure, the Payroll Tax Exemption Determination excludes an employer from being eligible for the exemption if eligible employees are employed to replace another employee, apprentice or trainee without reasonable justification.

Expiry

This instrument expires on 31 July 2022.

Human Rights Act 2004

This instrument provides an exemption to payroll tax and does not limit, and is consistent with, human rights. By providing exemption to wages paid or payable to eligible employees, it promotes the right to work (section 27B of the *Human Rights Act 2004*) by supporting jobs for the ACT community, especially young people, including apprentices and trainees, who have been disproportionately affected by the COVID-19 pandemic.

In accordance with the legislation, the Payroll Tax Exemption Determination includes a statement about whether the scheme is consistent with human rights.

The ACT Human Rights Commission has been consulted on the Payroll Tax Exemption Determination.

Authorised by the Treasurer
Andrew Barr MLA