

Taxation Administration (Amounts and Rates—Payroll Tax) Determination 2025

Disallowable instrument DI2025–161

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 2025*. This instrument commences on 1 July 2025.

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*.

Payroll tax is collected monthly, but it is an annual tax based on Australia-wide wages paid or payable during the whole or part of a financial year.

This instrument determines the threshold amount for the payment of ACT payroll tax under the *Payroll Tax Act 2011*. The annual Australia-wide wages tax-free threshold (annual threshold amount) remains at \$2,000,000 and the monthly threshold amount at \$166,666.66.

This instrument also determines the payroll tax rate for the 2025-26 year to calculate payroll tax on ACT taxable wages if the total wages paid or payable are in excess of the annual or monthly threshold amount – and will be an amount being a sum of the general rate and a surcharge rate.

A general payroll tax rate of 6.85 per cent per annum is determined as per Table 1. A general payroll tax rate of 6.85 per cent also applies for payroll tax payable monthly as per Table 2.

From 1 July 2024, a payroll tax surcharge rate was applied for large businesses. From 1 July 2025, the payroll tax surcharge rate increases to:

- 0.50 per cent on ACT taxable wages, where an employer is above the payroll tax threshold for businesses with Australia-wide wages above \$50 million per annum or \$4,166,666.66 monthly; and

- 1.00 per cent on ACT taxable wages, where an employer is above the payroll tax threshold for businesses with Australia-wide wages above \$100 million per annum or \$8,333,333.33 monthly.

For example, the general rates and surcharge rates will result in:

- For a payroll tax employer with annual Australia-wide wages of \$20 million - payroll tax of 6.85 per cent will apply to all ACT taxable wages above the relevant tax-free threshold amount. The surcharge rate is nil.
- For a payroll tax employer with annual Australia-wide wages of \$60 million - payroll tax of 7.35 per cent (comprising 6.85 per cent (general rate) plus 0.50 per cent (surcharge rate)) will apply to all ACT taxable wages above the relevant tax-free threshold amount.
- For a payroll tax employer with annual Australia-wide wages of \$120 million - payroll tax of 7.85 per cent (comprising 6.85 per cent (general rate) plus 1.00 per cent (surcharge rate)) will apply to all ACT taxable wages above the relevant tax-free threshold amount.

Universities with an ACT campus and as prescribed in section 4 of this instrument as an ‘eligible university’ are charged only a general rate. No surcharge rate applies to those employers also an eligible university.

This instrument commences on 1 July 2025.

Section 6 revokes *Taxation Administration (Amounts and Rates—Payroll Tax) Determination 2016 (No 1)*, DI2016-145.