The Territory Government will provide payroll tax relief to a number of Territory businesses facing hefty tax assessments for undeclared contractor payments, Treasurer Syd Stirling announced today.

Mr Stirling said 16 businesses had received assessments from the Commissioner for Taxation requiring them to pay payroll tax and penalties for undeclared contractor payments going back five years. A number of related audits of businesses remain to be finalised by the Commissioner of Taxation.

“Some of these tax bills are quite onerous. Government wants to take a commonsense approach to this issue,” Mr Stirling said.

“The Territory Government has no power to interfere with Commissioner of Taxation audit processes, but we are able to provide tax relief to the companies affected by adverse assessments.

“This decision will see Government forgo a total of $2.5 million in payroll tax.

“Several businesses have outstanding assessments. The affected companies will be asked to pay tax back to July 1, 2002, rather than paying five years’ worth of tax.

“We will also reduce their interest payments from 11.77% to 4.77%.

“This move will see these businesses saving a total of up to $2 million in payroll tax.

“Other businesses have been audited and paid their assessments in relation to contractor payments. These businesses will receive ex gratia payments refunding payroll tax and penalties, so that their original assessment will be capped to a 24 month period, not five years.

“Their interest payments will also be dropped to 4.77%, rather than 11.77%.

“This will see $0.5 million repaid to these companies.”

Mr Stirling said these companies would now be brought into the payroll tax system.

“In order to ensure businesses have a clear understanding of payroll tax, the Commissioner of Taxation will undertake a comprehensive education program for business including seminars, media advertisements and explanatory information.

“In addition, there will be an amnesty to encourage voluntary disclosures by businesses in relation to payroll tax.

“The amnesty will run from now until December 1, 2004.”

Under the amnesty:

- tax liabilities incurred by businesses who voluntarily declare contractor payments will be limited to July 1, 2002, rather than the normal audit period of the current year plus the previous four years; and
there will be no penalty payments required.

“The Territory Government wants a cooperative approach between the Tax Office and business in relation to this matter,” Mr Stirling said.

A dedicated hotline has been established for employers wanting to make enquiries about the amnesty arrangements on telephone 8999 5165.

Details of the amnesty can be obtained from the Territory Revenue Management website (www.revenue.nt.gov.au).

Seminars will also be held in Darwin and Alice Springs in March 2004.