1 July 2009

States and Territories Announce Payroll Tax Change

States and Territories will implement new uniform payroll tax rules from today to clarify where an employer pays tax.

Treasurer Delia Lawrie said the uniform payroll tax rules would apply where an employer pays wages that relate to an employee who works in more than one jurisdiction in a month, such as in the airline industry.

“In the future, payroll tax will be paid to the jurisdiction where the worker resides,” Ms Lawrie said.

“In cases where the worker does not reside in Australia, tax is to be paid to the jurisdiction where the registered Australian Business Number address of the employer is located.”

It is expected that the new arrangements will provide greater clarity to affected employers, a more robust taxation regime in light of modern electronic payment methods, and will reduce potential compliance costs that could otherwise arise for employers under existing arrangements.

States and Territories will be progressively seeking to legislate the new arrangements as their Parliamentary timetables allow.

Further details regarding the proposed changes, and what it means for affected employers, will be released by State and Territory Revenue offices within the next week.

Ms Lawrie said new payroll tax exemptions announced in Budget 2009 also commence today.

The exemptions are contained in a new Payroll Tax Act which harmonises most aspects of the Territory’s payroll tax legislation with other jurisdictions.

They include an exemption for non-profit organisations and for wages paid to employees taking parental and adoption leave or emergency volunteer work.

The changes introduced by the new Act will save businesses, charities and other benevolent institutions an estimated $1.3 million each year.