



PAY-ROLL TAX CIRCULAR PT 8

IMPORTANT INFORMATION FOR EMPLOYERS

As part of the 2012-13 Budget, the Western Australian Government announced two pay-roll tax rebates.

The rebates are:

- on a one-off basis, to an employer (or grouped employer) that pays Australia-wide wages of up to \$3 million in 2012-13;
- for small to medium businesses for wages paid to new indigenous employees, hired on or after 1 July 2012, over the first two years of employment.

PAY-ROLL TAX REBATE ACT 2012

As part of the 2012-13 Budget, the Western Australian Government announced its intention to provide a one-off pay-roll tax rebate to employers, or grouped employers, that pay Australia-wide wages of up to \$3 million.

The *Pay-roll Tax Rebate Act 2012*, which received Royal Assent on 3 September 2012, provides for a pay-roll tax rebate to be paid for eligible employers automatically after their 2012-13 reconciliation has been completed by the Office of State Revenue. The reconciliation process is expected to commence in September 2013.

Employers that pay Australia-wide wages of up to \$1.5 million will be paid a one-off rebate to fully offset their 2012-13 pay-roll tax liabilities. The maximum amount of the rebate, on wages of \$1.5 million, will be \$41,250. The rebate will be phased down for employers that pay wages between \$1.5 million and \$3 million (or the pro-rata equivalent if not paying wages for the full financial year).

Eligibility for the rebate will be calculated on the Australia-wide wages of employers or grouped employers, with a group of related employers being eligible for only one rebate payment.

Other eligibility requirements include:

Pay-roll Tax Registration

Individual employers, or members of a group of employers, whose total wages throughout Australia exceed \$750,000 for the 2012-13 financial year are required to apply online to the Office of State Revenue for registration as an employer.

In order to qualify for the pay-roll tax rebate, unregistered employers that are liable for pay-roll tax must make application to the Office of State Revenue for registration as an employer, **by no later than 7 July 2013**.

Employers that register after 7 July 2013 will not be eligible for the pay-roll tax rebate.

For the purposes of determining “wages” employers must include:

- All salaries and wages.
- Commissions and bonuses.
- Fringe benefits and allowances.
- Director’s fees and liable contractor payments.
- Superannuation.
- Specified taxable benefits.

For further information on what constitutes “wages” please see the ‘Wages Definition Fact Sheet’ on the Office of State Revenue website at [http://www.finance.wa.gov.au/cms/uploadedFiles/ State Revenue/Pay-roll Tax/Wages definitions fact sheet.pdf](http://www.finance.wa.gov.au/cms/uploadedFiles/State_Revenue/Pay-roll_Tax/Wages_definitions_fact_sheet.pdf)

Pay-roll Tax Reconciliation

Employers must submit all returns and information required to perform the 2012-13 reconciliation by no later than 31 December 2013. This includes provision of Australia-wide wage details if applicable.

Employers that submit their reconciliation returns after 31 December 2013 will not be eligible for the pay-roll tax rebate.

Amendments to returns information submitted prior to 31 December 2013 can be made in writing, using the web enquiry link below, and will result in a further reconciliation and rebate calculation.

Annual clients will not be required to pay their pay-roll tax liability at the time of lodgement of their 2012-13 return, as the rebate will be calculated on the wages declared and offset against the amount due.

The information provided in this circular is not an exhaustive explanation of the *Pay-roll Tax Rebate Act 2012*. Reference should be made to that Act and its Explanatory Memorandum.

There is no legislative provision that allows for discretion to waive or extend the eligibility requirements deadlines if they are not met. Employers whose applications for registration are received later than 7 July 2013 or who have not lodged all appropriate returns by 31 December 2013 will not be eligible for the rebate.

PAY-ROLL TAX (INDIGENOUS WAGES) REBATE ACT 2012

This Act implements the Government's 2012-13 Budget commitment to provide a full rebate of pay-roll tax for small to medium business for wages paid to new indigenous employees, hired on or after 1 July 2012, over the first two years of employment.

The Act provides for the rebate to be paid to employers, or grouped employers, with annual Australia-wide wages of up to \$15 million, for Western Australian wages paid in the first two years of employment to new indigenous employees for whom they also receive a Commonwealth Indigenous Wages Subsidy. ([Refer to section 7\(2\) of the Pay-roll Tax \(Indigenous Wages\) Rebate Act 2012](#)).

Full records of wages paid to new indigenous workers, including source documents verifying eligibility, must be maintained.

During the 2012-13 pay-roll tax reconciliation process, employers will be asked to provide the Office of State Revenue with details of wages paid to new indigenous employees, and the rebate will be paid after the reconciliation process is completed, which is expected to be in September 2013.

To apply for the rebate, employers must complete an 'Indigenous Wages Declaration Form' which will be located on our website at <http://www.finance.wa.gov.au/cms/content.aspx?id=200> under Forms and worksheets. The completed form should then be submitted to the Office of State Revenue as an attachment using a web enquiry which can be found at www.osr.wa.gov.au/PayrollEnquiry and selecting the 'Indigenous Wages Declaration' sub-category.

Employers should continue to lodge and pay their pay-roll tax returns as required by the pay-roll tax legislation.

To qualify for this rebate, both the employer and the indigenous employee to whom the wages are paid must be eligible.

These eligibility requirements are:-

Eligible Employer

An employer is an eligible employer for an assessment year if:-

- the employer was registered during whole or part of the year. Unregistered employers that are liable for pay-roll tax must make application to the Office of State Revenue for registration as an employer, **by no later than 7 July following the close of the financial year in which the indigenous wages were paid.**
- the employer employed an eligible employee for whole or part of the year.
- the employer meets the threshold requirement in subsection 7(2) of the Pay-roll Tax (Indigenous Wages) Rebate Act 2012.

- the employer submits all returns and information required to perform the annual reconciliation by no later than **31 December** following the end of the year. This includes provision of Australia-wide wage details if applicable.

Eligible Employee

An employee is an eligible employee for an assessment year:

- if the employer receives or received an indigenous wages subsidy in respect of the new employee, the employee is an eligible employee at any time, while the employee is an employee of the employer, during the 24 months commencing on the day on which the employee first commenced employment with the employer.

An employee of an employer is a new employee if the employee:

- commences employment with the employer on or after 1 July 2012; and
- was not an employee of the employer, or of any other employer in a group of which the employer is a member, at any time prior to the commencement of the employment referred to above.

There is no legislative provision that allows for discretion to waive or extend the eligibility requirements or the related deadlines if they are not met.

The Office of State Revenue will be holding seminars on pay-roll tax, which will include information on these pay-roll tax rebates, between June 2013 and December 2013.

These seminars and session times can be viewed and booked at www.osr.wa.gov.au/customereducation.

Should you have any queries or require further clarification, please contact our office on:

Office of State Revenue

200 St Georges Terrace
PERTH WA 6000

www.osr.wa.gov.au

Enquiries:

Phone
(08) 9262 1300
1300 368 364 (WA country STD callers only)

Web Enquiry: www.osr.wa.gov.au/PayrollEnquiry