



New South Wales

Payroll Tax Amendment Bill 2020

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.
This Bill is cognate with the *Appropriation Bill 2020*.

Overview of Bill

The object of this Bill is to amend the *Payroll Tax Act 2007* to modify the calculation of payroll tax payable by an employer.

Outline of provisions

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on the date of assent to the proposed Act.

Clause 3 of the proposed Act amends the *Payroll Tax Act 2007* to provide for a temporary reduction of the payroll tax rate used to calculate the payroll tax imposed on taxable wages. Under the Act, the current payroll tax rate is 5.45%. The proposed amendment reduces the payroll tax rate to 4.85% for the period on and from 1 July 2020 until the end of 30 June 2022. The amendment also increases the threshold amount for the financial year commencing on 1 July 2020, and for subsequent financial years, from \$1,000,000 to \$1,200,000.

The amendment clarifies that the reduced rate and increased threshold amount must be applied to determine the correct amount of payroll tax payable by an employer for the financial year commencing on 1 July 2020.



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New South Wales

Payroll Tax Amendment Bill 2020

No , 2020

A Bill for

An Act to amend the *Payroll Tax Act 2007* to modify the calculation of payroll tax payable by an employer.

The Legislature of New South Wales enacts—

1 Name of Act

This Act is the *Payroll Tax Amendment Act 2020*.

2 Commencement

This Act commences on the date of assent to this Act.

3 Amendment of Payroll Tax Act 2007 No 21

(1) Schedule 1 Calculation of payroll tax liability for financial year commencing 1 July 2007 and subsequent financial years

Omit paragraph (e) of the definition of *R* in clause 1. Insert instead—

(e) 5.45% on and from 1 January 2011 until the end of 30 June 2020,
and

(f) 4.85% on and from 1 July 2020 until the end of 30 June 2022, and

(g) 5.45% on and from 1 July 2022.

(2) Schedule 1, clause 1, definition of “TA” or “threshold amount”

Omit “\$1,000,000” from paragraph (f). Insert instead “\$1,200,000”.

(3) Schedule 3 Savings, transitional and other provisions

Insert at the end of the Schedule, with appropriate Part and clause numbering—

**Part Provision consequent on enactment of Payroll
Tax Amendment Act 2020**

Application of amendment

(1) The amendments made to Schedule 1, clause 1 by the amending Act must be applied for the purpose of determining the correct amount of payroll tax, within the meaning of section 82, payable by an employer for the financial year commencing on 1 July 2020 as if the amendments were in force on 30 June 2020.

(2) In this clause—

amending Act means the *Payroll Tax Amendment Act 2020*.