



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.