

FIRST PRINT

PAY-ROLL TAX (FURTHER AMENDMENT) BILL 1986

NEW SOUTH WALES



EXPLANATORY NOTE

(This Explanatory Note relates to this Bill as introduced into Parliament)

The principal object of this Bill is to amend the Pay-roll Tax Act 1971 so as to raise the pay-roll tax threshold to \$300,000.

From 1 January 1987 no pay-roll tax will be payable if the annual wages paid by an employer do not exceed \$300,000 (the present limit is \$200,000) and a tapered deduction will apply if those wages do not exceed \$500,000.

Clause 1 specifies the short title of the proposed Act.

Clause 2 provides for the commencement of the several provisions of the proposed Act.

Clause 3 is a formal provision which gives effect to the Schedule of amendments.

Clause 4 is a saving to the effect that a person's rights and liabilities in relation to pay-roll tax payable on wages paid before January 1987 are not affected by the proposed amendments.

Schedule 1 (1) (a) substitutes the definition of "prescribed amount" for the purposes of section 9B of the Principal Act. The amendment increases to \$300,000 per annum (with effect from 1 January 1987) the amount that may, for the purpose of ascertaining the pay-roll tax payable by an employer, be deducted (i.e., claimed under that section as an exempt amount) from the taxable wages paid by the employer.

Schedule 1 (1) (b) amends section 9B (3) and (4) of the Principal Act so that the statutory deduction will be reduced by \$3 for every \$2 that wages exceed the threshold of \$300,000. The present deduction is reduced by \$2 for every \$3 that wages exceed the threshold of \$200,000. In both cases the deduction ceases to have any effect where annual wages exceed \$500,000.

Schedule 1 (2), (4) and (5) are consequential amendments.

Schedule 1 (3) amends section 12 of the Principal Act so as to increase, from \$3,846 per week to \$5,769 per week (i.e., from approximately \$200,000 to \$300,000 per annum) the maximum amount of taxable wages that an employer may be paying before the employer must apply for registration under the Principal Act for pay-roll tax purposes.

Schedule 1 (6) amends section 16K of the Principal Act so as to make it clear that the Chief Commissioner, when making an annual adjustment to tax paid by a designated group employer, may grant a refund or rebate of a tax overpayment in respect of any of the previous 6 financial years. This proposed amendment is consistent with the amendments made to section 11B of, and clauses 5 and 9 of Schedule 1 to, the Principal Act by the Pay-roll Tax (Amendment) Act 1986.

PAY-ROLL TAX (FURTHER AMENDMENT) BILL 1986

NEW SOUTH WALES



TABLE OF PROVISIONS

1. Short title
2. Commencement
3. Amendment of Act No. 22, 1971
4. Saving

SCHEDULE 1—AMENDMENTS TO THE PAY-ROLL TAX ACT 1971

PAY-ROLL TAX (FURTHER AMENDMENT) BILL 1986

NEW SOUTH WALES



No. , 1986

A BILL FOR

An Act to amend the Pay-roll Tax Act 1971 so as to raise the pay-roll tax threshold and for other purposes.

Pay-roll Tax (Further Amendment) 1986

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of New South Wales in Parliament assembled, and by the authority of the same, as follows:

5 Short title

1. This Act may be cited as the "Pay-roll Tax (Further Amendment) Act 1986".

Commencement

2. (1) Except as provided by subsection (2), this Act shall commence
10 on the date of assent to this Act.

(2) Schedule 1 (1) and (3), and section 3 in its application to those provisions, shall commence on 1 January 1987.

Amendment of Act No. 22, 1971

3. The Pay-roll Tax Act 1971 is amended in the manner set forth in
15 Schedule 1.

Saving

4. Without limiting the application of the Interpretation Act 1897, an amendment effected by section 3 and Schedule 1 does not, except where
20 or right imposed, created, incurred or existing in respect of wages paid or payable before the date on which the amendment takes effect.

Pay-roll Tax (Further Amendment) 1986

SCHEDULE 1

(Sec. 3)

AMENDMENTS TO THE PAY-ROLL TAX ACT 1971

(1) Section 9B (**Deduction from taxable wages after 1 January 1987**)—

5 (a) Section 9B (1), definition of “prescribed amount” —

Omit the definition, insert instead:

“prescribed amount”, in relation to a return for a return period after the month of December 1986—

(a) of 1 month, means \$25,000; and

10 (b) of 2 or more months, means the product ascertained by multiplying \$25,000 by the number of months in that return period;

(b) Section 9B (3), (4)—

15 Omit “\$2 for each \$3” wherever occurring, insert instead “\$3 for each \$2” .

(2) Section 11A (**Interpretation for purposes of ss. 11A-11C**)—

(a) Section 11A (1A)—

Omit “1 July 1985” , insert instead “1 July 1986” .

(b) Section 11A (2), (2A)—

20 Omit the subsections, insert instead:

(2) For the purposes of the financial year commencing on 1 July 1986, a reference in sections 11B and 11C to the “prescribed amount” is, in relation to an employer, a reference to the amount calculated in accordance with the following formula:

25
$$\frac{TW}{TW + IW} \left[\frac{100000A}{184} + \frac{150000B}{181} \right] - \left[(TW + IW) - \left\{ \frac{100000A}{184} + \frac{150000B}{181} \right\} \right]$$

where—

30 TW is the total of the taxable wages paid or payable by the employer during that financial year;

IW is the total of the interstate wages paid or payable by the employer during that financial year;

Pay-roll Tax (Further Amendment) 1986

SCHEDULE 1—*continued*

AMENDMENTS TO THE PAY-ROLL TAX ACT 1971—*continued*

A is the number of days in respect of which wages (disregarding foreign wages) were paid or payable by the employer during the period commencing on 1 July 1986 and ending on 31 December 1986; and

5 B is the number of days in respect of which wages (disregarding foreign wages) were paid or payable by the employer during the period commencing on 1 January 1987 and ending on 30 June 1987.

10 (2A) For the purposes of the financial year commencing on 1 July 1987 and each financial year thereafter, a reference in sections 11B and 11C to the “prescribed amount” is, in relation to an employer, a reference to the amount calculated in accordance with the following formula:

15
$$\frac{TW}{TW + IW} \left[\frac{300000C}{D} - \frac{3}{2} \left\{ (TW + IW) - \frac{300000C}{D} \right\} \right]$$

where—

TW is the total of the taxable wages paid or payable by the employer during the financial year;

20 IW is the total of the interstate wages paid or payable by the employer during the financial year;

C is the number of days in the financial year in respect of which wages (disregarding foreign wages) were paid or payable by the employer; and

D is the number of days in the financial year.

25 (3) Section 12 (**Registration**)—

Section 12 (1), (2A)—

Omit “\$3,846” wherever occurring, insert instead “\$5,769” .

Pay-roll Tax (Further Amendment) 1986

SCHEDULE 1—*continued*

AMENDMENTS TO THE PAY-ROLL TAX ACT 1971—*continued*

(4) Section 16I (**Designated group employer**)—

(a) Section 16I (1)—

5 Omit “exceeding—”, insert instead “exceeding the prescribed amount (within the meaning of section 9B) in relation to a return for that return period.”.

(b) Section 16I (1) (a), (b)—

Omit the paragraphs.

(c) Section 16I (4)—

Omit “(a) or (b)”.

10 (5) Section 16J (**“Prescribed amount” for purposes of ss. 16K and 16L**)—

(a) Section 16J (1)—

Omit “1 July 1985”, insert instead “1 July 1986”.

(b) Section 16J (2), (3)—

Omit the subsections, insert instead:

15 (2) For the purposes of the financial year commencing on 1 July 1986, a reference in sections 16K and 16L to the “prescribed amount” is, in relation to a designated group employer, a reference to the amount calculated in accordance with the following formula:

$$20 \quad \frac{TW}{TW + IW} \left[\frac{100000A}{184} + \frac{150000B}{181} \right] - \left[(TW + IW) - \left\{ \frac{100000A}{184} + \frac{150000B}{181} \right\} \right]$$

where—

25 TW is the total of taxable wages paid or payable by the members of the group, in respect of which that designated group employer is the designated group employer, during that financial year;

IW is the total of the interstate wages paid or payable by the members of that group during that financial year;

Pay-roll Tax (Further Amendment) 1986

SCHEDULE 1—*continued*

AMENDMENTS TO THE PAY-ROLL TAX ACT 1971—*continued*

A is the number of days in that part of the period commencing on 1 July 1986 and ending on 31 December 1986 for which that designated group employer was the designated group employer in respect of that group, reduced by the number of days, if any, during that part in respect of which no wages (disregarding foreign wages) were paid or payable by any member of that group; and

B is the number of days in that part of the period commencing on 1 January 1987 and ending on 30 June 1987 for which that designated group employer was the designated group employer in respect of that group, reduced by the number of days, if any, during that part in respect of which no wages (disregarding foreign wages) were paid or payable by any member of that group.

(3) For the purposes of the financial year commencing on 1 July 1987 and each financial year thereafter, a reference in sections 16K and 16L to the “prescribed amount” is, in relation to a designated group employer, a reference to the amount calculated in accordance with the following formula:

$$\frac{TW}{TW + IW} \left[\frac{300000C}{D} - \frac{3}{2} \left\{ (TW + IW) - \frac{300000C}{D} \right\} \right]$$

where—

TW is the total of the taxable wages paid or payable by the members of the group, in respect of which that designated group employer is the designated group employer, during the financial year;

IW is the total of the interstate wages paid or payable by the members of that group during the financial year;

C is the number of days in that part of the financial year for which that designated group employer was the designated group employer in respect of that group, reduced by the number of days, if any, during that part in respect of which no wages (disregarding foreign wages) were paid or payable by any member of that group; and

D is the number of days in the financial year.

Pay-roll Tax (Further Amendment) 1986

SCHEDULE 1—*continued*

AMENDMENTS TO THE PAY-ROLL TAX ACT 1971—*continued*

(6) Section 16K (**Annual adjustments**)—

Section 16K (7), (8)—

Omit section 16K (7), insert instead:

5 (7) An application under subsection (4) shall be made within 6 years after the end of the financial year in respect of which the refund or rebate is applied for.

(8) The Chief Commissioner may, in a particular case, dispense with the necessity for an application.

PAY-ROLL TAX (FURTHER AMENDMENT) ACT 1986
No. 163

NEW SOUTH WALES



TABLE OF PROVISIONS

1. Short title
2. Commencement
3. Amendment of Act No. 22, 1971
4. Saving

SCHEDULE 1—AMENDMENTS TO THE PAY-ROLL TAX ACT 1971

PAY-ROLL TAX (FURTHER AMENDMENT) ACT 1986 No. 163

NEW SOUTH WALES



Act No. 163, 1986

An Act to amend the Pay-roll Tax Act 1971 so as to raise the pay-roll tax threshold and for other purposes. [Assented to 17 December 1986]

Pay-roll Tax (Further Amendment) 1986

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of New South Wales in Parliament assembled, and by the authority of the same, as follows:

Short title

1. This Act may be cited as the "Pay-roll Tax (Further Amendment) Act 1986".

Commencement

2. (1) Except as provided by subsection (2), this Act shall commence on the date of assent to this Act.

(2) Schedule 1 (1) and (3), and section 3 in its application to those provisions, shall commence on 1 January 1987.

Amendment of Act No. 22, 1971

3. The Pay-roll Tax Act 1971 is amended in the manner set forth in Schedule 1.

Saving

4. Without limiting the application of the Interpretation Act 1897, an amendment effected by section 3 and Schedule 1 does not, except where otherwise specifically provided, affect any duty, obligation, liability, benefit or right imposed, created, incurred or existing in respect of wages paid or payable before the date on which the amendment takes effect.

Pay-roll Tax (Further Amendment) 1986

SCHEDULE 1

(Sec. 3)

AMENDMENTS TO THE PAY-ROLL TAX ACT 1971

(1) Section 9B (**Deduction from taxable wages after 1 January 1987**)—

(a) Section 9B (1), definition of “prescribed amount” —

Omit the definition, insert instead:

“prescribed amount”, in relation to a return for a return period after the month of December 1986—

(a) of 1 month, means \$25,000; and

(b) of 2 or more months, means the product ascertained by multiplying \$25,000 by the number of months in that return period;

(b) Section 9B (3), (4)—

Omit “\$2 for each \$3” wherever occurring, insert instead “\$3 for each \$2”.

(2) Section 11A (**Interpretation for purposes of ss. 11A–11C**)—

(a) Section 11A (1A)—

Omit “1 July 1985”, insert instead “1 July 1986”.

(b) Section 11A (2), (2A)—

Omit the subsections, insert instead:

(2) For the purposes of the financial year commencing on 1 July 1986, a reference in sections 11B and 11C to the “prescribed amount” is, in relation to an employer, a reference to the amount calculated in accordance with the following formula:

$$\frac{TW}{TW + IW} \left[\frac{100000A}{184} + \frac{150000B}{181} \right] - \left[(TW + IW) - \left\{ \frac{100000A}{184} + \frac{150000B}{181} \right\} \right]$$

where—

TW is the total of the taxable wages paid or payable by the employer during that financial year;

IW is the total of the interstate wages paid or payable by the employer during that financial year;

Pay-roll Tax (Further Amendment) 1986

SCHEDULE 1—*continued*

AMENDMENTS TO THE PAY-ROLL TAX ACT 1971—*continued*

A is the number of days in respect of which wages (disregarding foreign wages) were paid or payable by the employer during the period commencing on 1 July 1986 and ending on 31 December 1986; and

B is the number of days in respect of which wages (disregarding foreign wages) were paid or payable by the employer during the period commencing on 1 January 1987 and ending on 30 June 1987.

(2A) For the purposes of the financial year commencing on 1 July 1987 and each financial year thereafter, a reference in sections 11B and 11C to the “prescribed amount” is, in relation to an employer, a reference to the amount calculated in accordance with the following formula:

$$\frac{TW}{TW + IW} \left[\frac{300000C}{D} - \frac{3}{2} \left\{ (TW + IW) - \frac{300000C}{D} \right\} \right]$$

where—

TW is the total of the taxable wages paid or payable by the employer during the financial year;

IW is the total of the interstate wages paid or payable by the employer during the financial year;

C is the number of days in the financial year in respect of which wages (disregarding foreign wages) were paid or payable by the employer; and

D is the number of days in the financial year.

(3) Section 12 (**Registration**)—

Section 12 (1), (2A)—

Omit “\$3,846” wherever occurring, insert instead “\$5,769” .

*Pay-roll Tax (Further Amendment) 1986*SCHEDULE 1—*continued*AMENDMENTS TO THE PAY-ROLL TAX ACT 1971—*continued*(4) Section 16I (**Designated group employer**)—

(a) Section 16I (1)—

Omit “exceeding—”, insert instead “exceeding the prescribed amount (within the meaning of section 9B) in relation to a return for that return period.”.

(b) Section 16I (1) (a), (b)—

Omit the paragraphs.

(c) Section 16I (4)—

Omit “(a) or (b)”.

(5) Section 16J (**“Prescribed amount” for purposes of ss. 16K and 16L**)—

(a) Section 16J (1)—

Omit “1 July 1985”, insert instead “1 July 1986”.

(b) Section 16J (2), (3)—

Omit the subsections, insert instead:

(2) For the purposes of the financial year commencing on 1 July 1986, a reference in sections 16K and 16L to the “prescribed amount” is, in relation to a designated group employer, a reference to the amount calculated in accordance with the following formula:

$$\frac{TW}{TW + IW} \left[\frac{100000A}{184} + \frac{150000B}{181} \right] - \left[(TW + IW) - \left\{ \frac{100000A}{184} + \frac{150000B}{181} \right\} \right]$$

where—

TW is the total of taxable wages paid or payable by the members of the group, in respect of which that designated group employer is the designated group employer, during that financial year;

IW is the total of the interstate wages paid or payable by the members of that group during that financial year;

Pay-roll Tax (Further Amendment) 1986

SCHEDULE 1—*continued*

AMENDMENTS TO THE PAY-ROLL TAX ACT 1971—*continued*

A is the number of days in that part of the period commencing on 1 July 1986 and ending on 31 December 1986 for which that designated group employer was the designated group employer in respect of that group, reduced by the number of days, if any, during that part in respect of which no wages (disregarding foreign wages) were paid or payable by any member of that group; and

B is the number of days in that part of the period commencing on 1 January 1987 and ending on 30 June 1987 for which that designated group employer was the designated group employer in respect of that group, reduced by the number of days, if any, during that part in respect of which no wages (disregarding foreign wages) were paid or payable by any member of that group.

(3) For the purposes of the financial year commencing on 1 July 1987 and each financial year thereafter, a reference in sections 16K and 16L to the "prescribed amount" is, in relation to a designated group employer, a reference to the amount calculated in accordance with the following formula:

$$\frac{TW}{TW + IW} \left[\frac{300000C}{D} - \frac{3}{2} \left\{ (TW + IW) - \frac{300000C}{D} \right\} \right]$$

where—

TW is the total of the taxable wages paid or payable by the members of the group, in respect of which that designated group employer is the designated group employer, during the financial year;

IW is the total of the interstate wages paid or payable by the members of that group during the financial year;

C is the number of days in that part of the financial year for which that designated group employer was the designated group employer in respect of that group, reduced by the number of days, if any, during that part in respect of which no wages (disregarding foreign wages) were paid or payable by any member of that group; and

D is the number of days in the financial year.

Pay-roll Tax (Further Amendment) 1986

SCHEDULE 1—*continued*

AMENDMENTS TO THE PAY-ROLL TAX ACT 1971—*continued*

(6) Section 16K (**Annual adjustments**)—

Section 16K (7), (8)—

Omit section 16K (7), insert instead:

(7) An application under subsection (4) shall be made within 6 years after the end of the financial year in respect of which the refund or rebate is applied for.

(8) The Chief Commissioner may, in a particular case, dispense with the necessity for an application.

