

**Submission  
No 3**

**INQUIRY INTO TAX ADMINISTRATION AMENDMENT  
(COMBATING WAGE THEFT) BILL 2021**

**Organisation:** Revenue NSW

**Date Received:** 20 May 2021

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## **Inquiry into the Tax Administration Amendment (Combating Wage Theft) Bill 2021**

Submission by Revenue NSW

In his second reading speech delivered on 6 May 2021, the Minister for Finance and Small Business, The Hon Damien Tudehope MLC, put the case for the amendments contained in the *Tax Administration (Combating Wage Theft) Bill 2021*. Revenue NSW does not propose to reiterate the Minister's rationale for the amendments. However, to assist the Committee in its deliberations, we would like to provide some additional context for the reforms, focusing on the role that a state taxation authority can usefully play in deterring wage underpayment.

### **Revenue NSW's role in relation to wage theft**

Revenue NSW is a division of the Department of Customer Service. Its core function involves the collection, administration and recovery of taxes, royalties, grants, fines and debts on behalf of the State, and the administration of unclaimed money. Its powers and responsibilities are reposed in three statutory officer positions: the Chief Commissioner of State Revenue, the Commissioner of State Revenue, and the Commissioner of Fines Administration.

Through efficient and effective revenue management, Revenue NSW helps to ensure the State is able to fund and deliver on the Government's priorities for the people of NSW. As such, Revenue NSW's expertise and capabilities lie in:

- Assessing tax liabilities and eligibility for grants according to State revenue legislation;
- Providing advice and education to taxpayers as to their tax obligations and liabilities;
- Conducting compliance checks and audits;
- Managing payments, including payment plans and providing support for those in hardship; and
- Enforcing overdue fines and taking debt recovery action on debts owed to the State.

The Bill's measures are therefore specifically designed around the use of tax and the powers and capabilities of a state taxation authority to deter wage theft. By way of example, the proposal to allow the Chief Commissioner to reassess a tax liability more than 5 years after the initial assessment where there has been underpayment of wages provides the means of ensuring that employers that underpay their workers, thereby avoiding or minimising their payroll tax liabilities, will not benefit from the general 5 year limitation on reassessments.

It is apposite to consider what a state taxation authority cannot achieve or is not equipped to undertake in this environment. Revenue NSW:

- is not an industrial relations regulator;
- has no legislated role in investigating whether businesses are paying their workers the correct wages, or taking any enforcement action to ensure the right wages are paid; and
- has no expertise in detecting wage theft and mediating between parties on wage matters.

The Bill recognises that a state taxation authority may acquire information evidencing underpayment of wages, and seeks to arm the authority with various tools to ensure that payroll tax liabilities are not avoided or minimised by employers who do not pay their workers the correct wages. In this way, the authority can play an effective complementary role to that of the Australian Government.