

# Information Circular No: 7

## *Payroll Tax Act 2009*

### **Rebates**

**Issued 1 July 2009**

**Last updated 17 December 2009**

The *Payroll Tax Act 2009*, which commenced on 1 July 2009, rewrote and repealed the *Pay-roll Tax Act 1971* and provides fully harmonised legislation with New South Wales, Victoria, Tasmania and Northern Territory.

Payroll tax is a state tax calculated on wages paid or payable and applies in all states and territories. It is collected and administered in accordance with the *Taxation Administration Act 1996*.

This Information Circular provides a brief explanation the South Australian payroll tax rebates available.

Authorised copies of the Act can be purchased from the Service SA Government Legislation Outlet, Ground Floor, 101 Grenfell Street, Adelaide.

Online versions of State Legislation are available at the South Australian legislation website:

**[www.legislation.sa.gov.au](http://www.legislation.sa.gov.au)**

For further details on any matters relating to the Act mentioned in this Information Circular, please contact RevenueSA on (08) 8204 9880.

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# Introduction

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**Preface** This Information Circular provides a brief explanation of the South Australian payroll tax rebates available to employers, but it does not constitute a Revenue Ruling.

If any uncertainty exists with a particular aspect of the information provided, please seek advice from RevenueSA. The information provided in this Information Circular is correct at the time of publication.

Mike Walker  
COMMISSIONER OF STATE TAXATION

1 July 2010

**Overview** In South Australia, two rebates schemes are available, which are designed to encourage economic growth through training via traineeships and apprenticeships, and increase in exports.

The two rebate schemes operated for payroll tax are:

1. Exporters Rebate Scheme.
2. Trainee Wage Rebate Scheme.

These rebate schemes only apply to wages that are liable for payroll tax in South Australia. The rebates are administered as part of Government policy as they are not legislated under *Payroll Tax Act 2009* (the "Act").

# Exporters Rebate

Employers who are exporters of value added goods or services may claim a rebate of payroll tax payable on the wages of employees engaged in generating eligible export earnings.

The rebate is equal to 20% of the proportion of total payroll tax paid in South Australia that is attributable to South Australian export earnings for the period.

**How much is the rebate?**

Any employers who exported 'value added' goods and services throughout the year can apply for the rebate.

**Who is eligible?**

It must be noted that this scheme only applies to employers in the private sector. If the employer is a member of a group of employers, only the designated group employer is entitled to apply for the rebate, but (they) can claim the rebate on behalf of all employers in the group.

Services provided outside of Australia are eligible for the rebate only where the employer can establish that South Australian employees made a significant contribution to the services supplied.

Value added goods are those, which have been manufactured, produced or processed, in their final form in South Australia. 'Processed' includes grading, packing or sorting of South Australian horticultural products where the produce is required in a fresh form for final consumption by the export markets. Processed minerals and petroleum products are excluded.

**What does 'value added' mean?**

'South Australian horticultural products' means fruits (including processed fruits), vegetables (including mushrooms and other edible fungi and processed vegetables), nuts (including processed nuts), nursery products (including trees, shrubs, plants, seeds, bulbs, corms, tubers, propagating material and plant tissue cultures, grown for ornamental purposes or for producing fruits, vegetables, nuts, or cut flowers and foliage).

South Australian export earnings mean the \$A FOB (Free on Board) sale value of value added goods sold to a purchaser outside Australia and/or the South Australian component of the \$A consideration received in Australia for services supplied outside of Australia.

**What are export earnings?**

To be eligible, the employer's name or that of the employer's agent must appear on the Bill of Lading for the goods concerned.

Sales outside Australia to a purchaser who subsequently exports the goods from Australia may be eligible.

The date of sale will be deemed to be the date shown on the Bill of Lading, or for services, the date on which payment was received in Australia.

## How does an employer apply?

The rebate application is available under the **Forms** menu on RevenueSA's website at [www.revenuesa.sa.gov.au](http://www.revenuesa.sa.gov.au)

Employers must lodge their monthly payroll return as usual and pay the full amount of payroll tax.

The rebate scheme operates on a six monthly cycle, commencing 1 July. Exporter Rebates are to be lodged on a six monthly basis. If applications are required for more than one period separate forms for each period are to be lodged.

Employers seeking a rebate must apply on the approved application form which is available on RevenueSA's website at: [www.revenuesa.sa.gov.au](http://www.revenuesa.sa.gov.au).

Employers currently treated as a group for payroll tax purposes will be treated as a group for the purposes of this scheme. Only one application may be made by the Designated Group Employer on behalf of all members of that group of employers.

Upon receipt of the completed rebate form, the amount of the rebate will be calculated by RevenueSA and, if approved, refunded to the employer.

## How is the rebate calculated?

The rebate for each six month period is calculated as follows:

$$R = \frac{V}{S} \times P \times 20\%$$

where

- R** = The rebate
- V** = \$A South Australian (group) export earnings (per item 3 above) in the rebate period.
- S** = \$A Total South Australian (group) earnings in the rebate period.
- P** = South Australian (group) payroll tax payable for the rebate period after deducting any rebates from other Payroll Tax Rebate Schemes.

“\$A Total South Australian earnings” means the (group’s) total turnover or sales revenue attributable to South Australian operations.

## Example

### Earnings:

South Australian Export Earnings	\$ 2 435 000
Total South Australian Earnings	\$96 570 796
SA Payroll tax paid	\$ 1 118 657.76

### Calculation of Rebate:

$$\frac{2\,435\,000}{96\,570\,796} \times \$1\,118\,657.76 \times 20\% = \$6\,711.95$$

Therefore the exporters rebate refunded will be \$6 711.95

Where services are supplied outside of Australia:

- V** = The South Australian component of the consideration received in Australia for services supplied outside of Australia. That component shall bear to the total consideration received the same relationship as South Australian (group) wages bear to the (group's) total Australian wages.

V is calculated as follows:

$$V = \frac{\text{Total consideration} \times (\text{Group}) \text{ South Australian Wages}}{(\text{Group}) \text{ Australian Wages}}$$

- ▶ Employers must be up-to-date with their payroll tax obligations and payments and must have paid all the payroll tax required for the period that they are claiming the rebate.
- ▶ Employers are not allowed to deduct the exporters rebate from their return payments.

## Restrictions

The Commissioner of State Taxation (the "Commissioner") reserves the right to recover any part of a rebate found to have been claimed incorrectly.

## Incorrectly claimed rebates

# Trainee Wage Rebate Scheme

The Trainee Wage Rebate Scheme may be available to employers who employ apprentices or trainees pursuant to an approved contract of training. The rebate applies only to South Australian trainees or apprentices for whom a payroll tax liability arises in SA, who commenced an approved Contract of Training before their 25th birthday.

The rebate is available to employers in both the private and public sector provided that all the eligibility criteria are met.

Job Start is not eligible for the rebate scheme because this is a wage subsidy program with no training component.

## What is an approved Contract of Training?

For the purposes of the rebate, an approved traineeship or apprenticeship is a Contract of Training approved by the State's Training and Skills Commission (the "Commission"), pursuant to Part 4 of the *Training and Skills Development Act 2008* (the "TSD Act").

## How much is the trainee wage rebate?

The payroll tax rebate is **80% of the payroll tax paid** in respect of wages paid to eligible apprentices or trainees engaged pursuant to a Contract of Training approved by the Commission under Part 4 of the TSD Act for:

- ▶ the term of the Contract of Training; or
- ▶ four years;

whichever is the lesser.

Apprentices or trainees supplied to small businesses by a Group Training Company (GTC) may be able to claim a **payroll tax rebate of 98%** (refer to '**eligibility criteria for 80% rebate**').

A 'small business' is defined as any business that is not required to register to pay payroll tax because its annual or monthly payroll is below the payroll tax threshold prescribed in **Schedule 2, Part 1(2)** of the Act.

Where the apprentices or trainee is supplied to a small business, the amount of payroll tax rebate payable to an eligible GTC will be equal to 98% of the payroll tax paid in respect of the wages paid to an apprentices or trainee engaged pursuant to a Contract of Training approved by the Commission under Part 4 of the TSD Act:

- ▶ the term of the Contract of Training; or
- ▶ four years;

whichever is the lesser.

The eligibility criteria for the 80% rebate are as follows:

- ▶ the apprentice or trainee must be enrolled in an approved Contract of Training; and
- ▶ the apprentice or trainee must commence an approved Contract of Training before their 25th birthday.

The eligibility criteria for the 98% rebate are as follows:

- ▶ the apprentice or trainee must be enrolled in an approved Contract of Training;
- ▶ the apprentice or trainee must commence an approved Contract of Training before their 25th birthday; and
- ▶ a trainee or apprentice must be supplied by the GTCs to small businesses.

GTCs may claim the 80% rebate in respect of apprentices or trainees supplied to firms that do not qualify as a small business.

Employers must lodge their monthly payroll return as usual and pay the full amount of payroll tax.

The rebate scheme operates on a yearly cycle for GTCs and a six monthly cycle for all other employers, commencing 1 July. If applications are required for more than one period separate forms for each period are to be lodged.

Employers seeking a rebate must apply on the approved application form which is available on RevenueSA's website at: [www.revenuesa.sa.gov.au](http://www.revenuesa.sa.gov.au). Applications may be made by the individual employers concerned or on a group basis.

The rebate application must be completed by the employer within six (6) months of the close of the rebate period. All applications received after the closure date for a particular period will be ineligible for the rebate.

Upon receipt of the completed rebate form, the amount of the rebate will be calculated by RevenueSA and, if approved, refunded to the employer.

- ▶ Employers must be up-to-date with their payroll tax obligations and payments and must have paid all the payroll tax required for the period that they are claiming the rebate.
- ▶ The rebate is only payable in respect of the initial Contract of Training approved by the Commission and not in respect of subsequent Contracts of Training entered into with the same employer.
- ▶ In respect of wages paid or payable to an eligible apprentice or trainee, the maximum rebate payable cannot exceed 80% of the payroll tax paid in the relevant rebate period.
- ▶ In respect of wages paid or payable to an eligible apprentice or trainee supplied to a small business by at GTC, the maximum rebate payable cannot exceed 98% of the payroll tax paid in the relevant rebate period.

The Commissioner reserves the right to recover any part of a rebate found to have been claimed incorrectly.

## Eligibility criteria for the 80% rebate

## Eligibility criteria for the 98% rebate

## How does an employer apply?

The rebate application is available under the **Forms** menu on RevenueSA's website at [www.revenuesa.sa.gov.au](http://www.revenuesa.sa.gov.au)

## Restrictions

## Incorrectly claimed rebates

# Further Information

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Further information may be obtained from RevenueSA.

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