

# Information Circular No: 43

## *Payroll Tax Act 2009*

### State Budget 2012-13

## Exemption for Wages Paid to Apprentices and Trainees

**Issued 31 May 2012**

Replaces Information Circular No: 21

### Background

As part of the 2012-13 Budget, the Government today announced that from 1 July 2012 the existing payroll tax exemption for the wages of eligible trainees and apprentices will be abolished.

The legislative amendments to implement this measure are contained in the *Statutes Amendment and Repeal (Budget 2012) Bill 2012* (the "Bill") which was introduced into Parliament today. The operation of this legislative measure is subject to the Bill coming into force as an Act which may not occur until after 1 July 2012.

### Discussion

#### Apprentice and trainee wages up to 30 June 2012

Between 1 July 2010 and 30 June 2012, wages paid or payable to an apprentice or trainee are exempt in the following circumstances:

- ▶ by an approved group training organisation;
- ▶ by an employer if the apprentice or trainee is undertaking training under-
  - a school-based training contract;
  - an initial training contract between the employer and the apprentice or trainee;
  - a training contract entered into prior to 1 July 2010 that is current on that date; or
  - a prescribed training contract, or a training contract of a prescribed class.

Information Circular No: 21 explains the application of the exemption for wages paid to apprentices and trainees and clarifies the elements of the exemption.

#### Apprentice and trainee wages from 1 July 2012

From 1 July 2012, the payroll tax exemption for the wages of eligible trainees and apprentices will be abolished.

Where an apprentice or trainee has entered into an approved training contract prior to 1 July 2012 that is still current on that date, the exemption ceases to apply from 1 July 2012 for the remainder of the contract period.

#### Payroll Tax Implications

From 1 July 2012, employers (including group training organisations) will be required to include all remuneration paid to apprentices and trainees in their payroll tax calculation, such as wages, salaries, superannuation, allowance and bonuses. These are required to be reported and declared as part of your monthly and annual payroll calculation and returns.

Employers whose wages may have been below the prescribed monthly threshold as a result of claiming the exemption must ensure that they are registered if the inclusion of apprentice/trainee wages means their total Australian wages exceed the relevant monthly threshold (currently \$50 000). If a business also has interstate wages, the inclusion of the apprentice/trainee wages will affect threshold deduction entitlements between each state/territory.

Mike Walker  
COMMISSIONER OF STATE TAXATION

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## Further Information

Further information can be obtained from RevenueSA.

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