

**STATE BUDGET 2007-2008
MEASURES TO IMPROVE CONSISTENCY**

In the State Budget handed down on 7 June 2007, the Government, *inter alia*, announced that pay-roll tax reforms would be introduced to harmonise legislative and administrative arrangements with other States and Territories.

BACKGROUND

In March 2007, States and Territories agreed to implement changes to pay-roll tax legislation and associated administrative arrangements to improve inter-jurisdictional consistency.

The changes are the result of work undertaken by a working group comprising all States and Territories and the outcome of a separate review of pay-roll tax provisions undertaken by New South Wales and Victoria.

South Australia will implement the following pay-roll tax reforms to improve inter-jurisdictional consistency from 1 July 2008:

- Standardised exemption thresholds for motor vehicle and accommodation allowances based on Australian Taxation Office rates;
- Usage of the lower of the two gross-up rates available under Commonwealth fringe benefits tax legislation for the valuation of fringe benefits for pay-roll tax purposes;
- Consistent provisions for work performed wholly or partly outside a jurisdiction;
- Inclusion of superannuation contributions for non-employee directors in the pay-roll tax base;
- Consistent provisions for the grouping of commonly controlled businesses; and
- Specific legislative provisions to cover employee share acquisition schemes.

In addition, and consistent with further bilateral reforms agreed to by New South Wales and Victoria, South Australia will also introduce exemptions for:

- wages paid in respect of maternity and adoption leave (not including other forms of leave taken in conjunction with maternity or adoption leave);

- wages paid to bushfire and emergency services workers while performing volunteer activities;
- wages paid by charities in respect of employees directly undertaking charitable activities of the organisation; and
- wages paid to eligible employees engaged under the Community Development Employment Projects programme.

DATE OF OPERATION

Legislation to give effect to these reforms will be drafted for introduction into Parliament in the first half of 2008 following ongoing consultation with other States and Territories and with tax practitioners in RevenueSA's consultative forums. The legislation will take effect from 1 July 2008.

FURTHER INFORMATION

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COMMISSIONER OF STATE TAXATION