

**SOUTH AUSTRALIA**



**STATE TAXATION OFFICE**

**Pay-roll Tax**

**Circular No. 119**

**PAY-ROLL TAX (SUPERANNUATION BENEFITS AND RATES) AMENDMENT ACT, 1994**

Your attention is drawn to the above amendment Act which was assented to on 10 November, 1994. The information set out below is of necessity brief and the precise nature and scope of the changes must be taken from the reading of the provisions as set out in full in the amending Act in conjunction with the Pay-roll Tax Act, 1971.

**INTRODUCTION**

The amendment Act has:-

1. Reduced the rate of tax from 6.1% to 6.0% of taxable wages paid or payable on or after 1 December, 1994.
2. Broadened the definition of "wages" for pay-roll tax purposes to include a superannuation benefit provided by an employer on behalf of an employee or by a deemed employer on behalf of a person deemed to be an employee for pay-roll tax purposes.

**1. RATE OF TAX**

The reduced rate of tax will be shown in monthly returns issued to employers for lodgement in respect of wages paid or payable on or after 1 December, 1994.

Where approval has been given for an employer to furnish returns of taxable wages otherwise than on a monthly basis the usual return lodgement requirements will be varied to reflect the rate change as follows:-

<b>RETURN CYCLE</b>	<b>AFFECTED RETURN PERIOD</b>	<b>VARIED RETURN PERIODS</b>
Quarterly	1/10/94 to 31/12/94	1/10/94 to 30/11/94 1/12/94 to 31/12/94
Half-yearly	1/7/94 to 31/12/94	1/7/94 to 30/11/94 1/12/94 to 31/12/94
Yearly	1/7/94 to 30/6/95	1/7/94 to 30/11/94 1/12/94 to 30/6/95

## **2. SUPERANNUATION BENEFIT**

"Superannuation benefit" means:-

- (a) a payment of money by an employer on behalf of an employee to, or the setting apart of money by an employer on behalf of an employee as, a superannuation fund within the meaning of the *Occupational Superannuation Standards Act, 1987* of the Commonwealth; or
- (b) a payment by an employer of a superannuation guarantee charge within the meaning of the *Superannuation Guarantee (Administration) Act, 1992* of the Commonwealth; or
- (c) a payment of money by an employer on behalf of an employee to, or the setting apart of money by an employer on behalf of an employee as, any other form of superannuation, provident or retirement fund or scheme.

## **3. WAGES AND DEEMED WAGES**

### **3.1 The meaning of wages**

For pay-roll tax purposes wages, paid or payable on or after 1 December, 1994, are broadly defined by the Act to include any wages, remuneration, salary, commission, bonuses or allowances paid or payable to a person in relation to his or her capacity as an employee and, without limiting the generality of the foregoing includes:-

1. any amount paid or payable: -
  - (a) by way of remuneration to a person holding office under the Crown, or in the service of the Crown, in the right of the State of South Australia;

- (b) by a company by way of remuneration to a director or member of the governing body of that company;
  - (c) by way of commission to an insurance or time-payment canvasser or collector;
2. the value of any fringe benefit within the meaning of the (Commonwealth) Fringe Benefits Tax Assessment Act, 1986, other than:-
    - (a) a tax-exempt body entertainment fringe benefit; or
    - (b) any benefit that is prescribed not to be a fringe benefit for the purposes of the Pay-roll Tax Act, 1971;
  3. the value of any payments made in kind;
  4. other amounts determined by or *deemed* under a provision of the Act to be wages; and
  5. a superannuation benefit.

### **3.2 Deemed wages, deemed employers and deemed employees**

The Pay-roll Tax Act, 1971 contains provisions which deem certain payments made and fringe benefits provided pursuant to certain arrangements to be wages and also deems specified parties to the arrangements to be an employer and employee respectively.

The provisions, which are aimed at arrangements or schemes designed to avoid liability for pay-roll tax by severing the employer/employee relationship, are called the :-

- Service Contracts;
- Employment Agents;
- Third Party Payments; and
- General Avoidance Provisions.

These provisions have, with effect from 1 December, 1994, been extended to include a superannuation benefit within the amounts to be taken as wages for the purposes of the Act.

Information circulars relating to these provisions are available from the State Taxation Office.

### **ENQUIRIES**

Enquiries may be made in person or by post at the following addresses:-

#### **Location**

State Taxation Office  
Enquiry and Payments Centre  
Ground Floor, State Administration Centre  
Victoria Square East  
ADELAIDE SA 5000

#### **Postal**

Commissioner of Stamps  
Pay-roll Tax Office  
Box 2418 GPO  
ADELAIDE SA 5001

#### **Telephone**

Mr Ross Lewcock

(08) 226 2154

#### **Facsimile**

(08) 226 3805

November, 1994

COMMISSIONER OF STAMPS