

SOUTH AUSTRALIA



STATE TAXATION OFFICE

PAY-ROLL TAX

**Circular No. 31
(formerly PRT Circular No. 4)**

PAY-ROLL TAX ACT AMENDMENT ACT, 1990

Your attention is drawn to the above amendment, which it is anticipated will be assented to by 1 November, 1990. 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. Extended the definition of wages as from 1 October, 1990 to include the value of fringe benefits as defined in the (Commonwealth) Fringe Benefits tax Assessment Act, 1986.
2. Increased the rate of tax from 5% to 6.25% of taxable wages paid or payable on or after 1 October, 1990.
3. Removed the deduction tapering provisions with effect from 1 October, 1990.
4. Increased the available deduction from taxable wages from the present \$400,000 per annum to:
 - \$414,000 from 1 January, 1991
 - and
 - \$432,000 from 1 July, 1991
5. Extended the meaning of "pay" in relation to any form of wages to include, provide, confer or assign.

It should be noted that the effect of 2. and 3. above is to increase pay-roll tax on wages above \$2,000,000. There is no pay-roll tax increase in respect of wages under \$2,000,000.

FRINGE BENEFITS

For pay-roll tax purposes "fringe benefit" has the same meaning as in the (Commonwealth) Fringe Benefits Tax Assessment Act, 1986 but does not include a "tax-exempt body entertainment fringe benefit" within the meaning of that Act.

Provision has also been made to exclude by regulation any other benefit from the ambit of the Pay-roll Tax Act, 1971. The benefits to be included by the amendment are:

Car fringe benefits

- cars (including utilities, mini buses, panel vans, etc.) provided by employers to employees for private use;

Loan fringe benefits

- interest free or low-interest loans;

Debit waiver fringe benefits

- waiver of a debit;

Expense payment fringe benefits

- expenses of employees paid or reimbursed by employers;

Housing fringe benefits

- residential accommodation;

Living-away-from-home allowances fringe benefits

- living-away-from-home cash allowances and non-cash benefits;

Airline transport fringe benefits

- discounted air travel provided to employees in the airline or travel industry;

Board fringe benefits

- meals and accommodation provided together to an employee by an employer;

Property fringe benefits

- free or discounted goods or property;

Residual fringe benefits

- other benefits not specifically mentioned, e.g., work or other services, right to use property, etc.

The amount to be included in pay-roll tax returns, as taxable wages, is the value of a benefit that is its taxable value for the purposes of the (Commonwealth) Fringe Benefits Tax Assessment Act, 1986.

Please refer to Circular No. 5 which contains a detailed explanation of the pay-roll tax requirements in relation to fringe benefits.

DEDUCTIONS

Consequent upon the removal of the deduction tapering provisions and the increases in the deduction amount the monthly deduction from taxable wages is as follows:

- Where an employer or a group of employers does not pay nor is liable to pay any interstate wages-
 - \$33,333 per month from 1 October, 1990
 - \$34,500 per month from 1 January, 1991
 - and
 - \$36,000 per month from 1 July, 1991
- Where an employer or any member of a group of employers pays or is liable to pay interstate wages -

The deduction entitlement will be established by way of a nomination or determination and will bear to the monthly deduction (stated above) the same proportion as the estimated South Australian wages bear to the estimated Australian wages of the employer or the group employers (as the case may be).

Deduction entitlement established by the way of a nomination or determination are subject to annual adjustment calculated on the basis of actual wages paid in the preceding financial year.

- In the case of a group of employers only the designated group member may claim a deduction from taxable wages on behalf of all group members.
- All deduction entitlements will be calculated and pre-printed on monthly returns before being sent to employers for completion.
- Commencing with the October, 1990 return, notice of determination of revised monthly deduction amounts will be given in the relevant monthly returns issued by this Office.

REGISTRATION

From 1 October, 1990 an employer who,

- during a month pays wages in Australia at a rate exceeding \$7,500 per week, any part of which is taxable
- or
- being a member of a group, pays any taxable wages during a month

must apply for registration as an employer with seven (7) days after the close of that month.

25 October 1990
STAMPS

COMMISSIONER OF