

**SOUTH AUSTRALIA**



**STATE TAXATION OFFICE**

**Pay-roll Tax**

**Circular No. 85**

**PAY-ROLL TAX REBATE SCHEME 1993-94**

The Pay-roll Tax Rebate Scheme introduced by the Government in 1992-93 to provide assistance to employers expanding or maintaining employment levels will be continued in the 1993-94 financial year.

Employers can claim the rebate by submitting a special rebate return form with or after their normal June, 1994 monthly pay-roll tax return. The concluding date for accepting rebate claims will be 30 September, 1994. This return should detail the number of full-time equivalent employees (FTE's) for each month of both the 1992-93 and 1993-94 years. The average for 1993-94 less 98% of the average for 1992-93 will determine the number of FTE's for which a rebate can be claimed. In general, an employer who increases its employment, or decreases it by less than 2%, will be eligible for a rebate.

The rebate will be \$1,700 per FTE. This figure is the pay-roll tax payable on average annual private sector employee earnings of \$28,000. Thus, an employer who expands its workforce by hiring employees who are paid less than this amount will receive a rebate that is greater than the tax normally payable in respect of such an employee.

Additional criteria attached to the scheme are that:-

- The rebate cannot exceed the total pay-roll tax paid by the employer in 1993-94.
- A declaration must be signed on the form stating that the employment numbers are correct and not subject to influences (i.e., mergers, takeovers, acquisitions) apart from genuine changes in employment levels.
- Employers currently treated as a group for pay-roll tax purposes will also be treated as a group for the purposes of the rebate scheme; i.e., one application

must be made by the designated group employer on behalf of all members of the group.

- The scheme applies only to the private sector.
- The following are excluded from the calculation of FTE numbers:-
  - sub-contractors, unless deemed to be employees under the provisions of the Pay-roll Tax Act;
  - temporary employees hired through employment agents;
  - employees whose wages are exempt from pay-roll tax because they are employed under Australian Traineeship or Employers' Association Apprenticeship Schemes.
- The calculation of a full-time equivalent will be based on whatever the standard full-time hours are for that employer (the same standard must be used over the entire two year period). Thus, if standard full-time hours are 38 per week, (i.e. 152 hours per month) each worker on this number of hours counts as 1 FTE; a worker on 28.5 hours per week counts as a 0.75 FTE.

Where employees work varying hours from week to week, the hours worked during the month should be added together and divided by the number of standard full-time hours in the month.

E.g., where an employee worked 94 hours in the month and a full-time employee worked 152 hours per month, the calculation is  $94/152$ , resulting in a 0.62 FTE (when calculated to two decimal places).

Calculations should be made to 2 decimal points. No employee can count as more than 1 FTE - i.e., overtime hours are excluded.

At this stage employers do not need to take any action regarding the rebate scheme apart from ensuring that employment data is available to fulfil the criteria described above. The special rebate form will be mailed to employers towards the end of 1993-94.