

# Revenue Ruling

Payroll Tax Act 2009

PTASA001

## EXPORTERS REBATE

### Preamble

This Revenue Ruling provides a brief explanation of the South Australian exporters payroll tax rebate available to employers.

If any uncertainty exists with a particular aspect of the information provided, please seek advice from RevenueSA. The information provided in this Revenue Ruling is correct at the time of publication.

### Ruling

#### What is the exporters rebate?

The Exporters Rebate Scheme (the "Rebate") is designed to encourage economic growth in South Australia by increasing exports.

This Rebate only applies to wages that are liable for payroll tax in South Australia. The Rebate is administered as part of government policy and it is not legislated under the *Payroll Tax Act 2009*.

Employers who are exporters of value added goods or services may claim a rebate of payroll tax payable on the wages of employees engaged in generating eligible export earnings.

#### How much is the rebate?

As part of the 2010-11 State Budget, handed down on 16 September 2010, it was announced that the Rebate of 20% would reduce to 10% effective from 1 July 2011 and cease effective from 30 June 2013.

The table following outlines the Rebate applicable for certain periods:

Period	Rebate
Up until 30 June 2011	20%
From 1 July 2011 to 30 June 2013	10%
From 1 July 2013	nil

### Restrictions

Employers must be up-to-date with their payroll tax obligations and payments, including the period that they are claiming the Rebate.

Employers are not allowed to deduct the Rebate from their return payments.

### Incorrectly claimed rebates

The Commissioner of State Taxation (the "Commissioner") reserves the right to recover any part of a Rebate found to have been claimed incorrectly.

### How does an employer apply?

Employers must lodge their monthly payroll tax return as usual and pay the full amount of payroll tax.

The Rebate operates on a six monthly cycle, commencing 1 July. Rebate applications are to be lodged on a six monthly basis. If applications are required for more than one period a separate form for each period must be lodged.

Employers seeking a rebate must apply on the approved application forms which are available on RevenueSA's website at: [www.revenuesa.sa.gov.au](http://www.revenuesa.sa.gov.au).

Employers currently treated as a group for payroll tax purposes will be treated as a group for the purposes of this Rebate. Only one application may be made by the Designated Group Employer on behalf of all members of that group of employers.

Upon receipt of the completed rebate form, the amount of the Rebate will be calculated by RevenueSA and, if approved, refunded to the employer.

### Who is eligible?

Any employers who exported 'value added' goods and services throughout the year can apply for the Rebate.

It must be noted that this Rebate only applies to employers in the private sector.



## GOODS

To be eligible, the employer’s name or that of the employer’s agent must appear on the Bill of Lading for the goods concerned.

Sales outside Australia to a purchaser who subsequently exports the goods from Australia may be eligible.

The date of sale will be deemed to be the date shown on the Bill of Lading or the date the invoice was issued.

The Commissioner must be satisfied however that the invoice was genuinely issued and was not created in order to obtain a greater benefit from the Rebate.

### What is the export earnings value of goods exported?

South Australian export earnings of goods is the \$A Free on Board sale value of value added goods sold to a purchaser outside Australia.

### What does ‘value added’ mean?

Value added goods are those, which have been manufactured, produced or processed, in their final form in South Australia. ‘Processed’ includes grading, packing or sorting of South Australian horticultural products where the produce is required in a fresh form for final consumption by the export markets. Processed minerals and petroleum products are excluded.

‘South Australian horticultural products’ means fruits (including processed fruits), vegetables (including mushrooms and other edible fungi and processed vegetables), nuts (including processed nuts), nursery products (including trees, shrubs, plants, seeds, bulbs, corms, tubers, propagating material and plant tissue cultures, grown for ornamental purposes or for producing fruits, vegetables, nuts, or cut flowers and foliage).

### Exporters Rebate Calculation - Goods

The Rebate for each six month period is calculated as follows:

$$ER = \frac{V}{S} \times P \times R$$

ER = The Exporters Rebate

V = Value of export goods is the \$A Free on Board sale amount of value added goods sold to a purchaser outside Australia by the employer

S = \$A Total South Australian (group) earnings in the rebate period.

P = South Australian (group) payroll tax payable for the rebate period after deducting any rebates from other payroll tax rebate schemes.

R = 20% up until 30 June 2011  
OR  
10% from 1 July 2011 to 30 June 2013

‘\$A Total South Australian (group) earnings’ means the group’s total turnover or sales revenue attributable to South Australian operations.

### Example 1: Rebate for the Export of Goods

Value of export goods as per \$A Free on Board sale amount of value added goods sold to a purchaser outside Australia by the employer.	V	\$2 435 000
Total South Australian (Group) Earnings	S	\$96 570 796
SA Payroll tax paid in Rebate period	P	\$1 118 657.76
Rebate application period is 1 July 2011 to 31 December 2011	R	10%

Calculation of Rebate:

$$\frac{2435000}{96570796} \times \$1118657.76 \times 10\% = \$2820.66$$

Therefore the Exporters Rebate will be \$2820.66

## SERVICES

South Australian export earnings from value added services means the South Australian component of the \$A earnings received in Australia for ‘services supplied’ outside of Australia.

The relevant date for export earnings for services is the date the invoice was issued for the service or the date on which payment was received in Australia.

The Commissioner must be satisfied however that the invoice was genuinely issued and was not created in order to obtain a greater benefit from the Rebate.

### What are services supplied outside Australia?

Services are considered to be supplied outside of Australia if the services are provided to a non-resident of Australia who is not in Australia when the services are supplied.

The recipient of the services is the entity with whom the employer has a contractual relationship in relation to the services.

Services provided outside Australia are eligible for the rebate only where the employer can establish that SA employees made a significant contribution to the services supplied.

If the recipient of the services is not an individual, the services will be considered to be supplied **inside** Australia if at the relevant time the recipient is conducting business through an establishment in Australia, and the services are related in any way to the business activities conducted through the establishment in Australia.

### How do I determine what earnings relate to services supplied outside Australia?

Where an employer provides services both inside and outside of Australia, the earnings for services provided outside Australia must be clearly identified. Earnings from services provided by the SA entity overseas as a proportion of total earnings by the SA entity are used to apportion the Rebate.

### Example 2: calculating export earnings where services are supplied partly in and partly outside Australia

Company X is a firm that runs tour buses in South Australia including for overseas visitors. Company X employs staff (predominantly in South Australia) to take bookings from overseas residents via the internet, telephone and e-mail prior to the overseas visitor travelling to Australia. Company X is eligible for the rebate in relation to the \$A value paid for the bookings made outside Australia, but only in relation to the proportion of earnings that can be attributed to employees who were directly involved in enabling and processing those bookings.

That is, the Rebate will apply to earnings that can reasonably be apportioned to the wages associated with overseas booking services only and not the employee wages related to domestic ticket sales (including to overseas residents purchasing tickets while in Australia) or the conduct of the bus tour itself, as these services are provided whilst the recipient of the service is inside Australia.

If the eligible services result in a tangible product being produced (e.g. report, written advice), the product must be delivered outside Australia for the earnings to be included as export earnings and related wages to be eligible for the Rebate.

### Example 3: calculating export earnings that relate to services resulting in a tangible product

Company Y is a firm of architects who contracts with Company X to design plans for a new office building in Malaysia. Contract negotiation and marketing of the firm occurred overseas. When completed the plans are delivered overseas. Company Y is eligible for the rebate in relation to the earnings derived by the services performed by the architects who developed the plans in Australia (and those involved in the overseas marketing and contract negotiation), because the product of the work performed was delivered overseas.

### Exporters Rebate Calculation - Services

The Rebate for each six month period is calculated as follows:

$$ER = \frac{V}{S} \times P \times R$$

ER = The Exporters Rebate

V = The South Australian component of the consideration received in Australia for services supplied outside of Australia. That component shall bear to the total consideration received for services outside of Australia the same relationship as South Australian (group) wages bear to the (group's) total Australian wages

S = \$A Total South Australian (group) earnings in the rebate period.

P = South Australian (group) payroll tax payable for the rebate period after deducting any rebates from other payroll tax rebate schemes.

R = 20% up until 30 June 2011  
OR  
10% from 1 July 2011 to 30 June 2013

### Example 4: Rebate for the Export of Services

South Australian wages component of the value of export services in the Rebate period:

$$V = \frac{\text{Total earnings from services supplied outside Australia} \times \text{SA Wages}}{\text{Australian Wages}}$$

$$V = \frac{\$940\,670}{\$3\,000\,000} \times \$1\,452\,348$$

$$V = \$455\,393$$

Rebate export services:

Value of South Australian component of Export Services Earnings.	\$455 393
Total South Australian (Group) Earnings	\$1 934 428
SA Payroll tax paid in the Rebate period	\$42 191.23
Rebate period is 1 July 2011 to 31 December 2011	10%

Calculation of Rebate:

$$\frac{455\,393}{1\,934\,428} \times \$42\,191.23 \times 10\% = \$993.24$$

Therefore the Exporters Rebate will be \$993.24

### Further Information

Further information can be obtained from RevenueSA.

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### History

This Revenue Ruling is effective from 31 January 2012 and replaces:

Document	Issue Date
<u>IC031</u>	3 August 2011
<u>IC016</u>	13 July 2010
<u>IC007</u>	1 July 2009

Mike Walker  
COMMISSIONER OF STATE TAXATION

3 February 2012