

SOUTH AUSTRALIA



STATE TAXATION OFFICE

Pay-roll Tax

Circular No. 33
(formerly PRT Circular No. 6)

PAY-ROLL TAX (MISCELLANEOUS)
AMENDMENT ACT, 1991

Your attention is drawn to the above amendment which was assented to on 28 November, 1991. 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. Decreased the rate of tax from 6.25% to 6.1% of taxable wages paid or payable on or after 1 December, 1991.
2. Increased the available deduction from taxable wages from the present \$432,000 per annum to:-

\$444,000 from 1 January, 1992;
and
\$456,000 from 1 July, 1992.

DEDUCTIONS

Consequent to 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 interstate wages:-

\$36,000 per month from 1 July, 1991
\$37,000 per month from 1 January, 1992
and
\$38,000 per month from 1 July, 1992.

- Where an employer or any member of a group of employers pays or is liable to pay interstate wages:-

the deduction entitlement is calculated using the following formula:-

$$\frac{\text{Estimated SA Wages}}{\text{Estimated Aust. Wages}} \times \frac{Y}{12} = \text{Determined Monthly Deduction Entitlement}$$

- Where Y is \$432,000 for period commencing 1 July, 1991 and Y is \$444,000 for period commencing 1 January, 1992.
- Where the estimated wages used in this calculation are those provided on your last "Statement of Wages for Annual Adjustment" form lodged with this Office.

Deduction entitlements are based upon annual adjustments recalculated 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.

REGISTRATION

From 1 January, 1992 an employer who

- during a month pays wages in Australia at a rate exceeding \$8,000 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 within seven (7) days after the close of that month.

ANTI-AVOIDANCE AMENDMENT EFFECTIVE 1 APRIL, 1992

Certain anti-avoidance amendments to the Pay-roll Tax Act, 1971 were effected by the Pay-roll Tax (Miscellaneous) Amendment Act, 1991. These measures are aimed at schemes designed to avoid liability for pay-roll tax by severing the employer/employee relationship.

The amendments expand the definition of "wages" to include the following:-

- service contracts;
- use of employment agents;
- payment of wages by or to third parties.

A general anti-avoidance provision has also been enacted.

These provisions, will, by proclamation, apply from 1 April, 1992 to amounts paid or payable on or after that date.

Further circulars numbered 7, 8 and 9 will be forwarded with detailed explanation of the above amendments.

6 December, 1991

COMMISSIONER OF STAMPS

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