

**SOUTH AUSTRALIA**



**RevenueSA**

**Pay-roll Tax**

**Circular No. 212**  
(Replaces Circular No. 199)

**PAY-ROLL TAX TRAINEE WAGE REBATE SCHEME**

**PART 1 APPLICATION OF THE SCHEME**

**PART 2 GENERAL ELIGIBILITY CRITERIA**

**PART 3 REBATE RATE AND CONDITIONS FOR TRAINEES  
SUPPLIED TO SMALL BUSINESSES BY GROUP  
TRAINING COMPANIES**

**BACKGROUND**

On 25 May 2000, the South Australian Government announced that the Pay-roll Tax Trainee Wage Rebate Scheme ("the Scheme"), applying to employers of trainees and apprentices would operate for the 2000–2001 financial year under amended criteria including a lowering of the rebate rate from 98% to 80%.

It was subsequently determined that Group Training Companies ("GTC's") would continue to claim the rebate at the 98% rate, but only in respect of trainees they supply to small businesses.

For the purposes of the Scheme, an approved traineeship or apprenticeship is a Contract of Training approved by the State's Accreditation and Registration Council ("the ARC"), pursuant to Part 4 of the *Vocational Education, Employment and Training Act 1994* ("the Act").

**PART 1 APPLICATION OF THE SCHEME**

**Existing Contracts of Training**

Employers who have received a pay-roll tax rebate in respect of trainees (includes trainees and apprentices) engaged under a Contract of Training during the 1999-2000 financial year, and who continue to engage a trainee under the same Contract of Training beyond 30 June 2000, will continue to be eligible for a pay-roll tax rebate of 98% until the close of business on 30 June 2000.

The pay-roll tax rebate rate will reduce to 80% from 1 July 2000, except for trainees supplied by GTCs to small businesses for whom a rebate rate of 98% will continue to apply (refer Part 3 of this Circular).

In respect of existing trainees who are over 25 years of age, the rebate will be restricted to the remaining contract term of their traineeship or apprenticeship, or four years, whichever is the lesser.

### **New Contracts of Training**

Commencing 25 May 2000, employers who employ a new or an existing trainee under an approved Contract of Training before the trainee's 25<sup>th</sup> birthday may be eligible for a pay-roll tax trainee wage rebate.

The amount of the pay-roll tax rebate payable shall be equal to 80% of the pay-roll tax paid in respect of wages paid to eligible trainees engaged pursuant to a Contract of Training approved by the ARC under Part 4 of the Act for the term of the Contract of Training, or for four years, whichever is the lesser.

Trainees supplied to small businesses by GTC's will be able to claim a pay-roll tax rebate of 98% (refer Part 3 of this Circular).

Rebates under this Part of the Circular are only payable in respect of the initial Contract of Training approved by the ARC and not in respect of any subsequent Contracts of Training entered into between the same employer and trainee.

## **PART 2 GENERAL SCHEME ELIGIBILITY CRITERIA**

The general eligibility criteria are as follows:

- The Scheme applies only to South Australian trainees or apprentices for whom a pay-roll tax liability arises in the State and who commence an approved Contract of Training before their 25<sup>th</sup> birthday.
- To be eligible for the rebate, employers must be up-to-date with their pay-roll tax obligations and must have paid the pay-roll tax for the relevant rebate period.
- The maximum rebate payable to employers (other than GTC's) cannot exceed 80% of the pay-roll tax paid in respect of wages paid or payable in the rebate period.
- Employers seeking a rebate must apply on the approved application form, which will be sent to registered employers immediately before the end of each rebate period. Applications may be made by the individual employers concerned or on a group basis.
- Applications are to be lodged within six months after the close of the eligible rebate period. Any application lodged after the closure date for a particular period will be excluded from the operation of the rebate scheme.
- In respect of pay-roll tax rebates for trainees or apprentices employed pursuant to an approved Contract of Training before 25 May 2000, the rebate will only be payable for the lesser of either the remaining term of their traineeship or apprenticeship, or for four years (ie all rebates will cease on 30 June 2004, in respect of trainees or apprentices employed under an approved Contract of Training entered into before 25 May 2000).

- Rebates are only payable in respect of the initial Contract of Training approved by the ARC, and not in respect of subsequent Contracts of Training entered into with the same employer.

### **PART 3 REBATE RATE AND CONDITIONS FOR TRAINEES SUPPLIED TO SMALL BUSINESSES BY GROUP TRAINING COMPANIES**

**NOTE:** The rate of the rebate provided to GTC's applies solely in respect of the trainees supplied to small businesses.

For the purposes of this Circular, a "small business" is defined as any business that is not required to register to pay pay-roll tax because its annual or monthly pay-roll is below the pay-roll tax threshold prescribed in section 11A(1) of the *Pay-roll Tax Act 1971*.

GTC's should refer to Part 1 of this Circular for details of the Pay-roll Tax Trainee Wage Rebates they may claim in respect of trainees supplied to firms that do not qualify as a small business.

#### **Existing Contracts of Training**

GTC's who have received a pay-roll tax rebate in respect of trainees engaged under a Contract of Training during the 1999-2000 financial year, and who continue to engage an employee under the same Contract of Training beyond 30 June 2000, will be eligible for a pay-roll tax rebate of 98% from 1 July 2000, provided that the trainee is supplied to a small business.

Pay-roll Tax Trainee Wage Rebates under this Part for existing trainees or apprentices over 25 years of age, will be restricted to the remaining contract term of their traineeship or apprenticeship, or for four years, whichever is the lesser.

#### **New Contracts of Training**

GTC's who employ a new or an existing employee as a trainee or apprentice under an approved Contract of Training before the trainee's 25<sup>th</sup> birthday, and supply that trainee to a small business, may be eligible for a pay-roll tax trainee wage rebate under this Part of the Circular.

Where the trainee is supplied to a small business (as defined above), the amount of pay-roll tax rebate payable to an eligible GTC will be equal to 98% of the pay-roll tax paid in respect of the wages paid to a trainee engaged pursuant to a Contract of Training approved by the ARC, under Part 4 of the Act, for the term of the Contract of Training, or for four years, whichever is the lesser.

Rebates under this Part are only payable in respect of the initial Contract of Training approved by the ARC and not in respect of subsequent Contracts of Training entered into between the same employer and trainee.

In addition to the General Scheme Eligibility Criteria prescribed in Part 2 of this Circular, the following general conditions apply where a GTC supplies a trainee to a small business:

- The maximum rebate payable to a GTC in this Part of the Circular cannot exceed 98% of the pay-roll tax paid in respect of wages paid or payable in the relevant rebate period.
- GTC's seeking a rebate must apply on the approved application form that will be sent to registered GTC's immediately before the end of each rebate period. Applications may be made by the individual GTC's concerned, or on a group basis.

## **FURTHER INFORMATION**

### ***Location***

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COMMISSIONER OF STATE TAXATION