

Information Circular No: 31

Payroll Tax Act 2009

Exporters Rebate

Issued 3 August 2011

Replaces Information Circular No: 16

Introduction

This Information Circular provides a brief explanation of the South Australian exporters payroll tax rebate available to employers, but it does not constitute a Revenue Ruling.

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

What is the exporters rebate?

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

This rebate scheme 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 *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 exporters 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

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 scheme only applies to employers in the private sector. If the employer is a member of a group of employers, only the Designated Group Employer is entitled to apply for the rebate. The Designated Group Employer can claim the rebate on behalf of all employers in the group.

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

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).

What are export earnings?

South Australian export earnings mean the \$A Free on Board sale value of value added goods sold to a purchaser outside Australia and/or the South Australian component of the \$A consideration received in Australia for services supplied outside of Australia.

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 for services, the date on which payment was received in Australia.

How does an employer apply?

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

The rebate scheme operates on a six monthly cycle, commencing 1 July. Exporter 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 form which is available on RevenueSA's website at: 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 scheme. 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.

How is the rebate calculated?

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

$$R = \frac{V}{S} \times P \times 10\%$$

where

- R** = The rebate
- V** = \$A South Australian (group) export earnings in the rebate period.
- 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.

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

Example

Earnings:

South Australian Export Earnings	\$ 2 435 000
Total South Australian Earnings	\$96 570 796
SA Payroll tax paid	\$1 118 657.76

Calculation of Rebate:

$$\frac{2\,435\,000}{96\,570\,796} \times \$1\,118\,657.76 \times 10\% = \$2820.66$$

Therefore the exporters rebate refunded will be \$2820.66

Where services are supplied outside of Australia:

- 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 the same relationship as South Australian (group) wages bear to the (group's) total Australian wages.

V is calculated as follows:

$$V = \frac{\text{Total consideration} \times (\text{Group}) \text{ SA Wages}}{(\text{Group}) \text{ Australian Wages}}$$

Restrictions

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

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

Incorrectly claimed rebates

The Commissioner of State Taxation reserves the right to recover any part of a rebate found to have been claimed incorrectly.

Further Information

Further information regarding these amendments can be obtained from RevenueSA.

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