

SOUTH AUSTRALIA



STATE TAXATION OFFICE

Pay-roll Tax

Circular No. 169
(Replaces Circular No. 158)

**EXPORTERS PAY-ROLL TAX REBATE SCHEME
FOR 1998-1999**

This Circular replaces Circular No 158 and has been issued to:-

- highlight the expansion of the Scheme from 1 July 1998 to include horticultural produce destined for consumption as a fresh product overseas; and
- provide advice as to the continued operation of the Exporters Pay-roll Tax Rebate Scheme.

Employers who are or will be exporters of value added goods or services in 1998-99 may claim a rebate of 20% of pay-roll tax payable on the wages of employees engaged in generating eligible export earnings.

The rebate is equal to 20% of the proportion of total pay-roll tax paid in South Australia which is attributable to South Australian export earnings in the rebate period.

Eligibility criteria are as follows:

1. Employers who have South Australian export earnings from value added goods and services are eligible.

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), cut flowers and foliage (including processed cut flowers and foliage).

2. Services provided by employees 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.
3. South Australian export earnings mean the \$A FOB (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.

4. The Scheme applies only to the private sector.
5. Employers currently treated as a group for pay-roll 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.
6. 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 rebate period.
7. Employers seeking a rebate must apply on the approved application form which will be sent to employers immediately before the close of each eligible six month period. The rebate entitlement should not be deducted from an employer's pay-roll tax liability.

CALCULATION OF REBATE

1. The rebate for each six month period shall be calculated as follows:

$$R = \frac{V}{S} \times P \times 20\%$$

- where
- R = The rebate
 - V = \$A South Australian export earnings (per item 3 above) in the rebate period.
 - S = \$A Total South Australian earnings in the rebate period.
 - P = South Australian pay-roll tax payable for the rebate period after deducting any rebates from other Pay-roll Tax Rebate Schemes.

2. “\$A Total South Australian earnings” means the employer’s total turnover or sales revenue attributable to South Australian operations.

3. 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 wages bear to the employer’s total Australian wages.

thus

$$V = \frac{\text{Total consideration} \times \text{South Australian Wages}}{\text{Australian Wages}}$$

FURTHER INFORMATION

Location

State Taxation Office
State Administration Centre
200 Victoria Square East
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Postal

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28 May 1998

COMMISSIONER OF STATE TAXATION