

SOUTH AUSTRALIA



STATE TAXATION OFFICE

Pay-roll Tax

Circular No. 144
(Replaces Circular No. 131)

PAY-ROLL TAX REBATE SCHEMES

- 1. YOUNG PERSONS EMPLOYMENT INCENTIVES**
- 2. TRAINEE WAGES**

The South Australian Government has recently announced a number of strategies designed to encourage and assist in the creation of new employment opportunities for young persons. One of the strategies provides for the introduction of a pay-roll tax rebate in respect of wages paid to eligible young persons employed on or after 1 January 1997.

The existing pay roll tax rebate scheme, applying in respect of apprentices and trainees, has been amended to include young persons' employment incentives which will simplify and minimise the administrative requirements for obtaining a pay-roll tax rebate.

This circular replaces Circular No. 131 issued on 26 September 1995.

1 YOUNG PERSONS EMPLOYMENT INCENTIVES

1.1 PERIOD OF REBATE

Where the relevant eligibility criteria are satisfied, rebates are available for either the first 6 months or the first 12 months of employment.

A rebate of pay-roll tax applies in respect of wages paid for the first 12 months of employment where the new employee is under the age of 21 years at the commencement of employment. Where the new employee is between 21 and 25 years of age (both inclusive) at the commencement of employment, the rebate applies for the first 6 months of employment.

In either case, the rebate is available for the full 6 month or 12 month rebate period, notwithstanding that the employee may exceed the specified age during the relevant rebate period.

1.2 ELIGIBILITY CRITERIA

- The rebate is payable with respect to employees, aged up to and including 25 years of age, who are engaged on or after 1 January 1997 and who have not previously been employed by the employer.
- For persons under the age of 21 years, at the commencement of employment, the person must have been unemployed for 2 or more months prior to his or her engagement as an employee or must have recently completed secondary education at the year 12 level.
- For persons between 21 and 25 years (both inclusive) at the commencement of employment, the person must have been unemployed for 2 or more months prior to his or her engagement as an employee.

2 TRAINING SCHEMES

In the 1995-96 Budget the Government introduced a Pay-roll Tax Rebate Scheme to assist employers who pay wages to employees engaged under accredited apprenticeships or as trainees under an approved training scheme pursuant to a Contract of Training, as defined in the *Industrial and Commercial Training Act 1981*. Applications made under that scheme are made on an annual basis. The next rebate period will be for the 1996-97 financial year and will now incorporate the rebate application for wages paid to new employees, engaged on or after 1 January 1997, where the eligibility criteria for young persons employment incentives are met.

The following are approved training schemes for the purposes of the Pay-roll Tax Trainee Wages Rebate Scheme:-

- The Australian Vocational Training Scheme;
- The Career Start Training Scheme;
- The Australian Traineeship System; and,
- The National Training Wage Traineeship Scheme.

Prior to 1 July 1995 a pay-roll tax exemption applied in respect of wages paid to trainees engaged under the now displaced Australian Traineeship System. The rebate scheme recognises the changes that have been made in training arrangements. This rebate scheme replaces the Australian Traineeship Scheme exemption and extends pay-roll tax relief to include all accredited apprenticeships and trainees engaged under the approved training schemes.

3 SIX MONTHLY REBATES

Commencing from 1 July 1997, future claims for a rebate of pay-roll tax paid in respect of incentives for apprentices, trainees and eligible young persons may be made on a half yearly basis. The transitional arrangements provide for a single application for the financial year ended 30 June 1997 incorporating the initial 6 months operation of the young persons employment strategies along with the full 12 months operation of the trainee wages rebates.

The amount to be rebated under the revised schemes will be:—

YOUNG PERSONS EMPLOYMENT INCENTIVES

An amount equal to the amount of the pay-roll tax paid in respect of wages paid to young persons engaged, pursuant to the young persons employment incentive arrangements.

TRAINING SCHEMES

An amount equal to 98% of the pay-roll tax paid in respect of wages paid to apprentices and trainees engaged, pursuant to accredited apprenticeships and the approved training schemes.

4 GENERAL ELIGIBILITY CRITERIA

The general eligibility criteria are as follows:-

- The scheme applies only to South Australian trainees for whom a pay-roll tax liability arises in the State.
- 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.
- The maximum rebate payable under the scheme cannot exceed:—

in the case of the **Young Persons Employment Incentives**, the total amount of the Pay-roll Tax paid in respect of wages paid or payable in the rebate period.

in the case of the **Training Schemes**, 98% 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 6 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.

5 ENQUIRIES

Enquiries regarding this scheme may be made in person or by post at the following addresses:-

Location

State Taxation Office
Taxpayer Services
Ground Floor, State Administration Centre
Victoria Square East
ADELAIDE SA 5000

Postal

Commissioner of State Taxation
State Taxation Office
Box 2418 GPO
ADELAIDE SA 5001

Telephone Enquiries

(08) 8226 3735

Facsimile Enquiries

(08) 8226 3737

17 January, 1997

COMMISSIONER OF STATE TAXATION

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