

# Payroll Tax (Disability Employment Concession) Guidelines 2013

## Disallowable instrument DI2013-324

made under the

*Payroll Tax Act 2011*, Schedule 2, Part 2.10, Section 2.23 (Disability employment concession guidelines)

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### 1 Name of instrument

This instrument is the *Payroll Tax (Disability Employment Concession) Guidelines 2013*.

### 2 Commencement

This instrument commences on the day after notification.

## PART ONE – CONCESSION CRITERIA

### 3 Payroll Tax – Disability Employment Concession

Schedule 2, Part 2.10 of the *Payroll Tax Act 2011* provides for a payroll tax concession, of up to \$4,000 to eligible employers who hire a recent school leaver with disability.

The scheme is targeted to large businesses in the ACT that are liable to pay payroll tax under the *Payroll Tax Act 2011*. In the ACT, a business is required to pay payroll tax once its Australia-wide wages exceed \$1.75 million annually (or \$145,833.33 monthly). Access to the concession will depend on the monthly and annual wages of a business. Those businesses not making a payment of payroll tax will not be able to access the concession.

The concession will only be available once to an eligible employer for each eligible person with disability that is employed during the course of the scheme (that is, prior to 1 July 2015); however, it is not restricted in how many eligible employees a single business can employ.

### 4 Eligible Employee

To be eligible for the concession, a business must employ an eligible person. A person is an eligible person if the person:

- has a **qualifying disability**; and
- is 17 to 24 years old; and
- is employed in **relevant employment**.

#### a. Qualifying Disability

A qualifying disability means a disability under the ACT's *Disability Services Act 1991*. This Act defines disability, in respect of a person, as a disability:

- (a) that is attributable to an intellectual, psychiatric, sensory or physical impairment or a combination of those impairments; and

- (b) that is permanent or likely to be permanent; and
- (c) that results in—
  - (i) a substantially reduced capacity of the person for communication, learning or mobility; and
  - (ii) the need for continuing support services; and
- (d) that may or may not be of a chronic episodic nature.

This definition aligns with disability criteria established by the Commonwealth's *Disability Services Act 1986* (Cwlth). People with disability (as determined under these Commonwealth criteria) may participate in Disability Employment Services (DES) programs such as the Employment Support Service, where people with a permanent disability require long-term, regular, ongoing support in the workplace. This concession is aimed at businesses that employ people with disability who meet the above definition and may also engage in DES programs such as the Employment Support Service.

However, should a young person with disability who meets the definition of an eligible person for this concession find employment with a large business in the ACT (that is an eligible business paying payroll tax), without the involvement of the DES, the concession would still be available to the employer. In such an instance, the employer should contact Disability ACT to discuss the application process. Disability ACT can be contacted via email at [DisabilityACT@act.gov.au](mailto:DisabilityACT@act.gov.au), on telephone 133 427 or via postal address: GPO Box 158, Canberra ACT 2601.

#### **b. Relevant Employment**

Relevant employment means employment:

- that commences on or after 1 July 2013 but prior to 1 July 2015;
- is for an average of at least 8 hours a week (for at least 13 or 26 weeks); and
- for which taxable wages are paid (within the meaning of the *Payroll Tax Act 2011*).

Any eligible employer who employs an eligible person towards the end of the 2014-15 financial year (e.g. May 2015) may still receive the appropriate concession amount if meeting the relevant criteria, despite the scheme ceasing from 1 July 2015 (employment must still commence prior to 1 July 2015).

## **5 Concession Amount**

The concession amount will be determined by the length of time the eligible person has been employed:

- for continuous employment of more than 13 weeks but not more than 26 weeks, the concession amount is \$2,000;
- for continuous employment of 26 weeks or more, the concession amount is capped at \$4,000.

## **PART TWO – CONCESSION ADMINISTRATION**

### **6 Employing an Eligible Person**

Disability Employment Services (DES) programs aim to assist people with disability prepare for, find and keep work. The Employment Support Service forms part of the DES program and is for people with a permanent disability and with an assessed need

for longer-term, regular, ongoing support in the workplace. This concession is targeted at employers that engage such employees.

## **7 Applying for the Concession**

Once an eligible person has engaged with the DES to successfully find an employment opportunity, the employer can then complete, with DES assistance, the necessary paperwork required to assess eligibility for this concession.

An application for the payroll tax concession will adhere to the following process:

- a.** DES will work with young people with disability (an eligible person) to identify suitable employment opportunities for them. For the purposes of this concession, the employer who engages the eligible person will be a large business who has annual Australia-wide wages in excess of \$1.75 million (monthly wages in excess of \$145,833.33), and is therefore liable for and paying payroll tax in the ACT.
- b.** DES will assist the employer in completing the appropriate paperwork. This paperwork will include relevant information on the eligible person, to allow checking of compliance with the eligibility criteria for the concession. This paperwork will also allow the employer to declare if they are registered for and paying payroll tax in the ACT.
- c.** DES will forward the completed paperwork to Disability ACT for assessment of the employee against the eligibility criteria.
- d.** Disability ACT will notify DES and/or the employer of the outcome of the assessment (whether the employee is an eligible person) and the eligible person will be employed. The ACT Revenue Office will also be advised of the outcome for that business.
  - The business will be liable for and paying payroll tax, and should therefore already be registered with and established as a client of the ACT Revenue Office.
  - If a business is liable for payroll tax in the 2013-14 and/or 2014-15 financial year but not registered for paying payroll tax, they should visit the ACT Revenue Office website at [www.revenue.act.gov.au](http://www.revenue.act.gov.au) for registration information.
- e.** The eligible business will complete and submit its annual payroll tax reconciliation (as per usual at the completion of a financial year). The annual reconciliation return must be lodged with the ACT Revenue Office by 21 July of the same year.
- f.** At this time, the eligible employer will be required to confirm to the ACT Revenue Office that the eligible person is still engaged with the employer, and for how long the eligible person has worked with them. The employer should provide written correspondence to the ACT Revenue Office providing this information.
- g.** If it has been determined by Disability ACT that the business has engaged an eligible employee, and the employer has confirmed the ongoing employment of that employee as required, the ACT Revenue Office will then adjust the account as appropriate (a \$2,000 or \$4,000 concession, depending on the length of time the eligible person has been employed; see section 5).

- h.** This adjustment may result in a reduction of the outstanding payroll tax liability for the financial year, by the relevant amount. Or, the adjustment may result in a refund being issued to the taxpayer.
- i.** The eligible employer will be advised of the outcome of the account adjustment through the regular end of financial year correspondence issued to them by the ACT Revenue Office.

The application process is outlined below:

ACTIVITY	COMMUNITY SERVICES DIRECTORATE (CSD) [Disability ACT]	EMPLOYER OR DISABILITY EMPLOYMENT SERVICES (DES)	REVENUE OFFICE
<p><b>Find suitable employment for the eligible person</b></p> <p><b>Assess application</b></p> <p><b>Evidence provided to show compliance with employment criteria</b></p> <p><b>Evidence provided to show compliance with ongoing employment of eligible person</b></p> <p><b>Apply payroll tax concession</b></p>	<p>CSD assess eligible person against criteria and advise both DES/employer and the ACT Revenue Office of the outcome.</p> <p>Youth with disability is employed by the employer.</p>	<p>DES work with young people with disability (an eligible person) to identify suitable employment opportunities for them.</p> <p>OR a young person with disability finds employment with large business in the ACT</p> <p>DES' complete necessary paperwork with the employer OR hiring employer completes the necessary paperwork (if hiring independent of DES)</p> <p>Paperwork forwarded from DES or the hiring employer to CSD.</p> <p>Employer lodges annual payroll tax reconciliation paperwork with the ACT Revenue Office.</p> <p>Employer confirms with the ACT Revenue Office the ongoing employment of the eligible person, and length of time of that employment.</p>	<p>ACT Revenue Office manually adjusts liability at annual reconciliation, resulting in a reduced liability or refund.</p>

Andrew Barr MLA  
Treasurer  
18 December 2013