

Taxation Administration (Amounts and Rates-Payroll Tax) Determination 2012 (No 1)

Disallowable instrument DI2012–103

made under the

Taxation Administration Act 1999, s 139 (Determination of amounts payable under tax laws)

EXPLANATORY STATEMENT

1. This Disallowable Instrument commences on 1 July 2012.
2. As part of the 2012-13 Budget, the Government announced that it would be reforming the Territory's taxation system. As part of this package, reform will be undertaken to the Payroll Tax system. This instrument implements the Government's reform to the Payroll Tax system.
3. Under section 139 of the *Taxation Administration Act 1999*, the Minister has the authority to determine, in writing by disallowable instrument, amounts and rates applicable for the *Payroll Tax Act 2011*.
4. This instrument determines the threshold for the payment of ACT payroll tax under the *Payroll Tax Act 2011* commencing on 1 July 2012. This instrument increases the annual threshold from \$1,500,000 to \$1,750,000 and the monthly threshold from \$125,000 to \$145,833.33. Section 86 requires employers to register once they exceed the monthly threshold as determined and they must then lodge monthly returns and pay their payroll tax liability.
5. Payroll tax is collected monthly, but is an annual tax based on wages paid or payable during the whole or part of a financial year. The monthly wages threshold above which an employer is required to register for ACT payroll tax is determined at \$145,833.33 for the financial year 2012-2013 and future financial years.
6. The instrument also determines the rate used to calculate payroll tax on the total wages paid or payable in excess of the monthly threshold of \$145,833.33 (\$1,750,000 per annum) at 6.85%.

7. This instrument revokes DI2011-133. However, DI2011-133 continues to apply to payroll tax on taxable wages (within the meaning of the *Payroll Tax Act 2011*) paid or payable before 1 July 2012.

Authorised by the Treasurer
Andrew Barr MLA