

**2013**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**PAYROLL TAX AMENDMENT BILL 2013 (No 2)**

**EXPLANATORY STATEMENT**

## Payroll Tax Amendment Bill 2013 (No 2)

### Summary

The *Payroll Tax Amendment Bill 2013 (No 2)* amends the *Payroll Tax Act 2011*.

### Overview

The Payroll Tax Amendment Bill 2013 (No 2) will implement the Government's election commitment to provide a payroll tax concession, of up to \$4,000, to eligible employers who hire a recent school leaver with disability. This initiative will help increase the opportunity of young people with disability to participate in employment.

The scheme is targeted to large businesses in the ACT that are liable to pay payroll tax under the *Payroll Tax Act 2011*. This scheme will provide an additional incentive for larger organisations to employ people with disability and offer further opportunities for employment.

In the ACT, a business is required to pay payroll tax once its Australia-wide wages exceed \$1.75 million annually. There are currently over 3,000 businesses registered for payroll tax in the Territory; however, not all businesses registered for payroll tax will incur a payroll tax liability. This will depend on the monthly and annual wages paid by that business. Those businesses not making a payment of payroll tax will not be able to access the concession. This includes entities that are not liable for payroll tax, such as charities and some government agencies.

In addition, the concession will only be available once to an eligible employer for each eligible person with disability that is employed, but is not restricted to how many eligible employees a single business can employ.

The concession will be effective for relevant employment commencing on 1 July 2013 and will continue for a two year period (employment prior to 1 July 2015).

The concession will be applied to eligible businesses at the time of the annual payroll tax reconciliation process. The concession amount is determined by the length of time the eligible person has been employed. For employment of more than 13 weeks but less than 26 weeks, the concession amount is \$2,000. For employment of more than 26 weeks, the concession amount is \$4,000.

Employees must be aged 17 to 24 years, and must be employed for at least 8 hours a week over either the 13 week or 26 week period. This helps to ensure that the concession is not open to abuse and that vulnerable members of the community are protected in employment. The employee must also have a qualifying disability.

The definition of a disability, under the *Disability Services Act 1991 (ACT)*, aligns with that of the Commonwealth's target group under the *Disability Services Act 1986 (Cwlth)*. This target group can 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 engage in DES programs such as the Employment Support Service.

**Commencement Date**

The amendments will be effective on the day after notification.

## **Details of the Payroll Tax Amendment Bill 2013 (No 2)**

### **Clause 1 – Name of Act**

This is a technical clause that provides the title of the Act. The name of the Act is the *Payroll Tax Amendment Act 2013 (No 2)*.

### **Clause 2 – Commencement**

The Act commences the day after notification.

### **Clause 3 – Legislation amended**

This is a technical clause stating that the legislation being amended is the *Payroll Tax Act 2011*.

### **Clause 4 – Schedule 2, new part 2.10**

This clause inserts into the *Payroll Tax Act 2011* new part 2.10, section 2.22 in relation to the disability employment concession. This clause includes the broad eligibility requirements for the concession and provides:

- that an employer may apply to the Commissioner for ACT Revenue for a reduction in the amount of payroll tax payable by the employer for the financial year. The reduction applied must be in accordance with the determined concession amount and any guidelines determined under this section.
- that tax officers may disclose information obtained under or in relation to the administration of this new part to the director-general (or a person authorised by the director-general) of the administrative unit responsible for the *Disability Services Act 1991*.
  - This section thus addresses the secrecy and privacy provisions of the *Taxation Administration Act 1999*, which prohibit tax officers from disclosing information obtained under or in relation to the administration of a tax law (such as the *Payroll Tax Act 2011*).
- that an *eligible person*, being an eligible employee, is one who has a qualifying disability, is aged 17 to 24 years and is employed in relevant employment.
- that the *concession amount*, in relation to an eligible person, is \$2,000 if the person is employed in relevant employment for at least 13 weeks but less than 26 weeks. The concession amount is \$4,000 if the eligible person is employed in relevant employment for more than 26 weeks.
- that a *qualifying disability* means a disability under the *Disability Services Act 1991* (ACT). This definition aligns with that of a target group under the *Disability Services Act 1986* (Cwlth) as utilised by the Commonwealth Disability Employment Services (DES) program. The employment of a disabled person participating in particular DES programs will allow an eligible employer to claim the concession.
- that *relevant employment* means employment that commences on or after 1 July 2013 but before 1 July 2015. The eligible person must also be employed for

at least 8 hours a week. In addition, taxable wages must be paid to constitute relevant employment. Taxable wages are determined by the *Payroll Tax Act 2011*.

- for the Minister to create guidelines for the exercise of a function under this new part, in the form of a disallowable instrument. These guidelines will allow the administration and application of the concession to be fully detailed and easily available, and will provide further detailed information regarding part 2.10.
- that part 2.10 expires on 1 January 2016. This expiry date ensures that any eligible employer who employed an eligible person towards the end of the 2014-15 financial year may still receive the appropriate concession amount if meeting the relevant criteria, despite the scheme ceasing from 1 July 2015.