

Australian Capital Territory

# Taxation Administration (Payroll Tax) COVID-19 Exemption Scheme Determination 2020

Disallowable instrument DI2020–276

made under the

*Taxation Administration Act 1999*, s 137E (COVID-19 Exemption Scheme)

## EXPLANATORY STATEMENT

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On 12 August 2020, the Government announced a Youth Support Package to address the economic impacts of COVID-19 on young people.

As part of the Youth Support Package, the *Taxation Administration (Payroll Tax) COVID-19 Exemption Scheme Determination 2020* (the **Payroll Tax Exemption Determination**) determines a scheme to exempt wages paid or payable to eligible apprentices or trainees for the period 1 August 2020 to 31 January 2021.

A payroll tax exemption for wages paid to certain apprentices or trainees will reduce the costs associated with taking on a new apprentice or trainee, or to recommence a suspended approved training contract with an existing apprentice or trainee and may incentivise employers to take on additional staff from target cohorts.

Wages paid to certain apprentices and trainees are already exempt from payroll tax under the *Payroll Tax Act 2011*. Extending payroll tax exemptions to wages paid or payable to new employees who are apprentices or trainees and existing casual employees who become apprentices or trainees provides a broader incentive to any employers who take on apprentices and trainees.

### Payroll Tax Exemption Determination

The Payroll Tax Exemption Determination will:

- reduce the costs associated with taking on apprentices or trainees; and
- encourage employers to take on additional apprentices or trainees from target cohorts.

The Payroll Tax Exemption Determination sets out, for the purposes of the exemption:

- the eligibility requirements; and
- the period of exemption.

### **Eligible employees**

The exemption applies to wages paid or payable to eligible employees for the period 1 August 2020 to 31 January 2021.

An eligible employee is any apprentice or trainee who, on or after 1 August 2020, either:

- commences an approved training contract with an employer, and either:
  - had not been employed by the employer or an employer of the same group in the month before the commencement of the approved training contract; or
  - had been a casual employee of that employer prior to commencement of the approved training contract; or
- recommences a suspended approved training contract with their employer which had been suspended prior to 1 August 2020 as a result of the COVID-19 emergency.

To support the integrity of the measure, the Payroll Tax Exemption Determination excludes an employer from being eligible for the exemption if eligible employees are employed to replace another employee, apprentice or trainee without reasonable justification.

### **Expiry**

This instrument expires on 8 February 2021.

### **Human Rights Act 2004**

This instrument provides an exemption to payroll tax and does not limit, and is consistent with, human rights. By providing exemption to wages paid or payable to eligible employees, it promotes the right to work (section 27B of the *Human Rights Act 2004*) by supporting jobs for the ACT community, especially young people, including apprentices and trainees, who have been disproportionately affected by the COVID-19 pandemic.

In accordance with the legislation, the Payroll Tax Exemption Determination includes a statement about whether the scheme is consistent with human rights.

The ACT Human Rights Commission has been consulted on the Payroll Tax Exemption Determination.

Authorised by the Treasurer  
Andrew Barr MLA