

**AUSTRALIAN CAPITAL TERRITORY**  
**TAXATION ADMINISTRATION ACT 1999**

**PAYROLL TAX ACT 1987**

**INSTRUMENT NO. 190 OF 2000**

**EXPLANATORY STATEMENT**

The *Taxation Administration Act 1999* deals with the administration of various tax laws relating to the imposition of certain taxes, duties and fees. These tax laws are specified in section 4 of the Act. Section 139 empowers the Minister to determine the amounts of tax, duty or fee payable under any of those tax laws.

One of the specified tax laws is the *Payroll Tax Act 1987*.

This instrument revokes on and from 1 July 2000, Determination No. 99 of 1996 made under section 99 of the *Taxation (Administration) Act 1987* notified in the ACT Special Gazette No. S135 of 26 June 1996 and replaces it with a further determination.

The new Determination sets both the annual wages thresholds above which an employer is required to pay payroll tax and the monthly wages thresholds below which no employer is required to lodge returns and pay payroll tax.

This is in line with the Government's Draft 2000-01 Budget announcement to provide progressive relief for employment growth in smaller businesses, retaining the rate of payroll tax at 6.85%, and increasing the annual threshold to \$900,000 from 1 January 2001 and then to \$1,000,000 from 1 January 2002. The current threshold is \$800,000.

The change is also consistent with the Government Plan 1998-2001 and Key Result Area item (g) which aims to produce a dynamic and sustainable economy attracting ongoing investment in the ACT.

Payroll tax, although collected monthly by instalments, is an annual tax based on wages paid during the whole or part of a financial year. Such increases in the thresholds from 1 January 2001 and 1 January 2002 will have the following effect on the financial year thresholds:

2000 - 2001	\$850,000 (average of \$800,000 and \$900,000)
2001 - 2002	\$950,000 (average of \$900,000 and \$1,000,000)
2002 - 2003 and beyond	\$1,000,000

The monthly thresholds, based on those financial year thresholds will be:

\$70,833.33	from 1 July 2000 to 30 June 2001,
\$79,166.67	from 1 July 2001 to 30 June 2002, and
\$83,333.33	from 1 July 2002 and beyond.

The current monthly threshold is \$66,666.67

Authorised by the Treasurer.