



ACT
Government

ACT Revenue Office

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Payroll Taxation Changes - Wage Threshold and Employment Agent Exemptions

The ACT Treasurer announced in the 2014-15 Budget that from 1 July 2014, the payroll tax threshold would increase to \$1.85 million and the 'genuine employer' exemption for employment agents would be repealed.

The *Payroll Tax Act 2011* (the Act) currently levies payroll tax on those entities which pay Australia-wide wages in excess of \$1.75 million per annum. This threshold is increasing by \$100,000 to \$1.85 million per annum on 1 July 2014, to reduce the number of businesses paying payroll tax, including employment agents.

The ACT also currently provides seven exemptions from payroll tax for employment agents. The exemption found at Schedule 2, Part 2.3, section 2.14 (1) (g) of the Act is unique to the Territory, and exempts wages for payroll tax purposes where a subcontractor is a 'genuine employer' of the individuals who perform the work.

To more closely align the employment agent exemptions in the ACT with those of other jurisdictions, the ACT Government has introduced the *Payroll Tax Amendment Bill 2014* (the Bill) which removes the 'genuine employer' exemption. This Bill is currently before the Legislative Assembly and will be debated in August 2014. The Bill and its explanatory statement are available on the ACT Legislation Register on the following link:

http://www.legislation.act.gov.au/b/db_49730/default.asp

As currently drafted the Bill would commence retrospectively from 1 July 2014, to ensure the new regime is operational for the full 2014-15 financial year.

However, the ACT Treasurer has indicated that he is willing to contemplate a start date of 1 October 2014 to allay concerns that a 1 July 2014 start does not give adequate time for the sector to adjust to the changes. Should the Treasurer make a decision to change the start date, this information will be updated as soon as possible.

Update: The ACT Treasurer has confirmed the new effective date for the removal of the 'genuine employer' exemption to be **1 October 2014**.