



REVENUE CIRCULAR PTA072
Change in requirements – Exemption from payroll tax on wages paid to employees previously long-term unemployed: <i>Payroll Tax Act 2011</i>
Issue Date: 30 June 2011
Status: Current – Effective 1 July 2011
Previous Circular: -PTX013

Preamble

The *Payroll Tax Act 2011* (the Act), which commenced on 1 July 2011, rewrites the *Payroll Tax Act 1987* (the 1987 Act) and harmonises the payroll tax legislation in the Australian jurisdictions.

1. The Act imposes a liability to ACT payroll tax on an employer for any wages paid or payable by the employer for services rendered or performed in, or partly in, the ACT.
2. Schedule 2, part 2.7 under the Act provides an exemption from payroll tax on wages paid to employees who were previously long-term unemployed.

Circular

3. This circular provides details of the exemption from ACT payroll tax for the employment of employees who were previously long-term unemployed in receipt of an allowance under the *Social Security Act 1991* (Cwth) (SSA).
4. The exemption applies to wages paid to the above employees in the first two years of their employment.

Person who is long-term unemployed

5. Generally, a person is considered to be long-term unemployed if that person was, immediately prior to commencing employment:
 - (a) unemployed for longer than 12 months; and
 - (b) receiving an allowance under the SSA for that unemployment.
6. However, the Act recognises that there may be occasions where initial employment may not result in ongoing employment.
7. The Act therefore provides that, if at some period in the 12 months immediately prior to commencing employment, a person was not registered as unemployed or did not receive an allowance, the continuity of the 12 months eligibility test is not affected so long as the aggregate of the relevant period did not exceed four (4) weeks.

Application of the exemption

8. Except for the circumstances set out above, the exemption is limited to the employer who initially employs the long-term unemployed person.
9. Therefore if a long-term unemployed person is initially employed for a period of less than two years and changes employers, no payroll tax exemption will apply to the subsequent employer.

Supporting documentation

10. Employers must obtain from prospective employees, and have available for inspection, a letter or information issued by the Department of Families, Housing, Community Services and Indigenous Affairs (formerly the Department of Family and Community Services) or its agent (i.e. Centrelink) indicating the prospective employee satisfies the conditions set out above.

SIGNED

David Read
Commissioner for ACT Revenue
30 June 2011