

Revenue Ruling

Payroll Tax Act 2009

PTASA002

SMALL BUSINESS PAYROLL TAX REBATE

Preamble

This Revenue Ruling provides a brief explanation of the South Australian Small Business Payroll Tax Rebate announced by the Government today as part of the 2013-14 State Budget.

If any uncertainty exists with a particular aspect of the information provided, please seek advice from RevenueSA. The information provided in this Revenue Ruling is correct at the time of publication.

Ruling

A two-year payroll tax rebate payment will be provided to eligible employers with a taxable Australian payroll of less than or equal to \$1.2 million.

The rebate payment will be paid in the first half of the 2013-14 and 2014-15 financial years, based on eligible employers' 2012-13 and 2013-14 taxable payrolls respectively. Employers will not be eligible for the rebate payment until finalisation (including payment of any underpayments made during the year) of their relevant annual payroll tax reconciliation process. Employers who are members of a group will not be able to have their rebate determined until their Designated Group Employer's annual payroll tax reconciliation has been finalised.

The rebate payment will be determined by applying a sliding scale of rates shown in the table on page two, based on eligible employers' 2012-13 and 2013-14 taxable payrolls respectively.

Once the rebate payments have been made, eligible employers with a taxable Australian payroll of up to \$1 million will have effectively only paid payroll tax at a level equivalent to 2.45 percentage points lower than the statutory rate of 4.95%.

Rebate payments will phase out for eligible employers with a taxable payroll of between \$1 million and \$1.2 million.

The rebate will cease on 30 June 2015.

Who is Eligible for the Rebate?

Any employer with a taxable Australian payroll of less than or equal to \$1.2 million is eligible for the rebate payment, subject to the conditions outlined further in this Revenue Ruling. It should be noted that for the purposes of the rebate an eligible employer includes a single employer or an employer who is a member of a group for payroll tax purposes.

If a group's total Australian taxable wages are greater than \$1.2 million no group members will be entitled to the rebate.

Employers must be registered for payroll tax purposes as at 30 June of the relevant financial year. For example, an employer with a taxable Australian payroll of less than or equal to \$1.2 million in 2012-13 but who cancels their payroll tax registration before 30 June 2013 will not be entitled to a rebate payment in the 2013-14. Similarly, an employer who cancels their payroll tax registration during the 2013-14 financial year will not be entitled to a rebate payment in the 2014-15 financial year.

Employers who first register for payroll tax on or after 1 July 2015 will not be eligible for the rebate.

How will the Rebate be Determined?

The rebate payment for eligible employers who have taxable wages below \$1.2 million will be determined in accordance with the difference in rates shown in the table below.

| Annual taxable payroll (\$) | Statutory tax rate (%) | Rebate rate (percentage points) |
|-----------------------------|------------------------|---------------------------------|
| 600 000 to 1 000 000 | 4.95 | 2.45 |
| 1 000 001 to 1 050 000 | 4.95 | 1.95 |
| 1 050 001 to 1 100 000 | 4.95 | 1.45 |
| 1 100 001 to 1 150 000 | 4.95 | 0.95 |
| 1 150 001 to 1 200 000 | 4.95 | 0.45 |
| Above 1 200 000 | 4.95 | - |

* Rate payable on the value of wages above \$600,000.



How much is the Rebate?

The following table outlines the potential rebate payment that will be available to eligible employers.

| Annual payroll (\$) | Payroll tax payable (\$) | Rebate payment (\$) |
|---------------------|--------------------------|---------------------|
| 600 000 | 0 | 0 |
| 650 000 | 2 475 | 1 225 |
| 700 000 | 4 950 | 2 450 |
| 800 000 | 9 900 | 4 900 |
| 900 000 | 14 850 | 7 350 |
| 1 000 000 | 19 800 | 9 800 |
| 1 050 000 | 22 275 | 8 775 |
| 1 100 000 | 24 750 | 7 250 |
| 1 150 000 | 27 225 | 5 225 |
| 1 200 000 | 29 700 | 2 700 |
| 1 250 000 | 32 175 | 0 |

Conditions

Employers must be up-to-date with their 2012-13 and 2013-14 payroll tax obligations and payments to receive the rebate.

Employers cannot deduct the rebate from their monthly return or annual reconciliation return payments.

When will the Rebate be received?

Eligible employers are not required to apply for the rebate outside of the annual reconciliation process.

The rebate payment for 2012-13 will be provided in the first half of 2013-14 provided the annual reconciliation for 2012-13 has been finalised.

The rebate payable in 2014-15 will be calculated on the basis of employer's Australian taxable wages paid in 2013-14 and the rebate will be paid following finalisation of the 2013-14 annual reconciliation process.

Rebates will be paid by cheque.

Amended Rebates

Where a reassessment to any employer's annual reconciliation is required and that employer has already received a rebate payment in respect of that financial year, they will either be entitled to a further rebate payment or be required to repay any overpayment of the rebate.

Further Information

Further information can be obtained from RevenueSA.

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History

This Revenue Ruling is effective from the 2013-14 financial year onwards.

This is the first Revenue Ruling issued on this topic.

Mike Walker
COMMISSIONER OF STATE TAXATION

6 June 2013