

**Authorised Version No. 022**

**Payroll Tax Act 2007**

**No. 26 of 2007**

Authorised Version incorporating amendments as at  
1 July 2014

**TABLE OF PROVISIONS**

<i>Section</i>	<i>Page</i>
<b>PART 1—PRELIMINARY</b>	<b>1</b>
1 Purposes	1
2 Commencement	1
3 Definitions	1
4 <b>Taxation Administration Act 1997</b>	5
5 Act binds the Crown	6
<b>PART 2—IMPOSITION OF PAYROLL TAX</b>	<b>7</b>
<b>Division 1—Imposition of tax</b>	<b>7</b>
6 Imposition of payroll tax	7
7 Who is liable for payroll tax?	7
8 Amount of payroll tax	7
9 When must payroll tax be paid?	7
<b>Division 2—Taxable wages</b>	<b>7</b>
10 What are taxable wages?	7
11 Wages that are taxable in this jurisdiction	8
11A Jurisdiction in which employee is based	11
11B Jurisdiction in which employer is based	12
11C Place and date of payment of wages	13
<b>Division 3—Other</b>	<b>14</b>
12 Payroll tax paid under corresponding applied law	14
<b>PART 3—WAGES</b>	<b>15</b>
<b>Division 1—General concept of wages</b>	<b>15</b>
13 What are wages?	15

<i>Section</i>	<i>Page</i>
<b>Division 2—Fringe benefits</b>	<b>16</b>
14 Wages include fringe benefits	16
15 Value of wages comprising fringe benefits	16
16 Employer election regarding taxable value of fringe benefits	17
<b>Division 3—Superannuation contributions</b>	<b>19</b>
17 Wages include superannuation contributions	19
<b>Division 4—Shares and options</b>	<b>21</b>
18 Inclusion of grant of shares and options as wages	21
19 Choice of relevant day	21
20 Deemed choice of relevant day in special cases	23
21 Effect of rescission, cancellation of share or option	23
22 Grant of share pursuant to exercise of option	24
23 Value of shares and options	24
24 Inclusion of shares and options granted to directors as wages	26
26 Place where wages are payable	27
<b>Division 5—Termination payments</b>	<b>27</b>
27 Definitions	27
28 Termination payments	29
<b>Division 6—Allowances</b>	<b>29</b>
29 Motor vehicle allowances	29
30 Accommodation allowances	31
<b>Division 7—Contractor provisions</b>	<b>32</b>
31 Definitions	32
32 What is a relevant contract?	32
33 Persons taken to be employers	36
34 Persons taken to be employees	37
35 Amounts under relevant contracts taken to be wages	37
36 Liability provisions	38
<b>Division 8—Employment agents</b>	<b>38</b>
37 Definitions	38
38 Persons taken to be employers	39
39 Persons taken to be employees	39
40 Amounts taken to be wages	39
41 Liability provisions	40
42 Agreement to reduce or avoid liability to payroll tax	41

<i>Section</i>	<i>Page</i>
<b>Division 9—Other</b>	<b>41</b>
43 Value of wages paid in kind	41
44 GST excluded from wages	42
45 Wages paid by group employers	42
46 Wages paid by or to third parties	42
47 Agreement etc. to reduce or avoid liability to payroll tax	44
<b>PART 4—EXEMPTIONS</b>	<b>46</b>
<b>Division 1—Non-profit organisations</b>	<b>46</b>
48 Non-profit organisations	46
<b>Division 2—Education and training</b>	<b>47</b>
49 Schools and educational services and training	47
50 Community Development Employment Project	47
<b>Division 3—Health care service providers</b>	<b>48</b>
51 Health care service providers	48
52 Division not to limit other exemptions	48
<b>Division 4—Maternity and adoption leave</b>	<b>48</b>
53 Maternity and adoption leave	48
54 Administrative requirements for exemption	50
<b>Division 5—Volunteer firefighters and emergency service volunteers</b>	<b>50</b>
55 Volunteer firefighters	50
56 Emergency service volunteers	51
57 Limitation of exemption	51
<b>Division 6—Local government</b>	<b>51</b>
58 Municipal councils	51
59 Local government business entities	51
60 Limitation on local government exemptions	52
<b>Division 7—Other government and defence</b>	<b>52</b>
61 State Governors	52
62 Defence personnel	53
63 War Graves Commission	53
<b>Division 8—Foreign government representatives and international agencies</b>	<b>53</b>
64 Consular and non-diplomatic representatives	53
65 Trade commissioners	53
66 Australian–American Fulbright Commission	53

<i>Section</i>	<i>Page</i>
<b>Division 9—Services outside Australia</b>	<b>54</b>
66A Wages paid or payable for or in relation to services performed in other countries	54
<b>PART 5—GROUPING OF EMPLOYERS</b>	<b>55</b>
<b>Division 1—Interpretation</b>	<b>55</b>
67 Definitions	55
68 Grouping provisions to operate independently	55
<b>Division 2—Business groups</b>	<b>56</b>
69 Constitution of groups	56
70 Groups of corporations	56
71 Groups arising from the use of common employees	56
72 Groups of commonly controlled businesses	57
73 Groups arising from tracing of interests in corporations	61
74 Smaller groups subsumed by larger groups	64
<b>Division 3—Business groups—tracing of interests in corporations</b>	<b>65</b>
75 Application	65
76 Direct interest	65
77 Indirect interest	66
78 Aggregation of interests	68
<b>Division 4—Miscellaneous</b>	<b>69</b>
79 Exclusion of persons from groups	69
80 Designated group employers	70
81 Joint and several liability	72
<b>PART 6—ADJUSTMENTS OF TAX</b>	<b>73</b>
82 Determination of correct amount of payroll tax	73
83 Annual adjustment of payroll tax	73
84 Adjustment of payroll tax when employer changes circumstances	74
85 Special provision where wages fluctuate	76
<b>PART 7—REGISTRATION AND RETURNS</b>	<b>78</b>
86 Registration	78
87 Returns	79

<i>Section</i>	<i>Page</i>
<b>PART 8—COLLECTION AND RECOVERY OF TAX</b>	<b>80</b>
<b>Division 1—Agents and trustees generally</b>	<b>80</b>
88 Application	80
89 Agents and trustees are answerable	80
90 Returns by agent or trustee	80
91 Liability to pay tax	80
92 Indemnity for agent or trustee	81
<b>Division 2—Special cases</b>	<b>82</b>
93 Tax not paid during lifetime	82
94 Payment of tax by executors or administrators	82
95 Assessment if no probate within 6 months of death	83
96 Person in receipt or control of money for absentee	83
97 Agent for absentee principal winding-up business	85
98 Recovery of tax paid on behalf of another person	85
99 Liquidator to give notice	86
<b>PART 9—GENERAL</b>	<b>88</b>
100 Provisions specific to this jurisdiction	88
101 Regulations	88
<b>PART 10—REPEALS, AMENDMENTS AND TRANSITIONAL PROVISIONS</b>	<b>90</b>
<b>Division 5—Transitional provisions</b>	<b>90</b>
117 Transitional provisions	90
—————	
<b>SCHEDULES</b>	<b>91</b>
<b>SCHEDULE 1—Calculation of Payroll Tax Liability</b>	<b>91</b>
<b>PART 1—INTERPRETATION</b>	<b>91</b>
1 Definitions	91
<b>PART 2—EMPLOYERS WHO ARE NOT MEMBERS OF A GROUP</b>	<b>92</b>
2 Application of Part	92
3 Definitions	92
4 Payroll of employer not more than threshold	92
5 Payroll of employer over threshold	93

<i>Section</i>	<i>Page</i>
<b>PART 3—GROUPS WITH A DESIGNATED GROUP EMPLOYER</b>	<b>94</b>
6 Application of Part	94
7 Definitions	94
8 Payroll of group not more than threshold	94
9 Payroll of group over threshold	95
<b>PART 4—GROUPS WITH NO DESIGNATED GROUP EMPLOYER</b>	<b>96</b>
10 Application of Part	96
11 Definition	96
12 Calculation of payroll tax	96
<b>PART 5—MOTOR VEHICLE ALLOWANCES</b>	<b>97</b>
13 Continuous recording method	97
14 Averaging method	97
15 Meaning of relevant 12-week period	100
16 Replacing one motor vehicle with another motor vehicle	101
17 Changing method of recording	101
18 Definition	102
<b>SCHEDULE 2—Victoria specific provisions</b>	<b>103</b>
<b>PART 1—INTRODUCTION</b>	<b>103</b>
1 Introduction to Schedule	103
<b>PART 2—CALCULATION OF MONTHLY PAYROLL TAX</b>	<b>104</b>
<b>Division 1—Rate of payroll tax</b>	<b>104</b>
2 Rate of payroll tax	104
<b>Division 2—Employers who are not members of a group</b>	<b>104</b>
3 Application of Division	104
4 Amount of payroll tax to be paid each month	104
5 Deductible amount for employer who does not pay interstate wages	105
6 Deductible amount for employer who pays interstate wages	105
<b>Division 3—Groups with a designated group employer</b>	<b>106</b>
7 Application of Division	106
8 Amount of payroll tax to be paid each month	107
9 Deductible amount for groups that do not pay interstate wages	109
10 Deductible amount for groups that pay interstate wages	109

<i>Section</i>	<i>Page</i>
<b>Division 4—Groups with no designated group employer</b>	<b>110</b>
11 Application of Division	110
12 Amount of payroll tax to be paid each month	111
<b>PART 3—EXEMPTIONS</b>	<b>112</b>
<b>Division 1—Education and training</b>	<b>112</b>
13 Definitions	112
14 Schools and school councils	113
15 Persons providing educational services	113
16 Approved training schemes	113
<b>Division 2—Health care service providers</b>	<b>114</b>
17 What is a health care service provider?	114
<b>Division 3—Local government</b>	<b>115</b>
18 Limitation on local government exemptions	115
<b>Division 4—Other exemptions</b>	<b>116</b>
19 Specialized agencies	116
<b>PART 4—RETURNS AND REFUNDS</b>	<b>117</b>
20 Further returns	117
21 Notification of change in circumstances	117
22 Time limit for refund applications	118
<b>PART 5—GENERAL</b>	<b>119</b>
23 Disregarding cents	119
<b>SCHEDULE 3—Transitional provisions</b>	<b>120</b>
1 Definition	120
2 Savings and transitional regulations	120
3 Application of <b>Interpretation of Legislation Act 1984</b>	121
4 Continuation of old Act and regulations	121
5 Application of this Act and old Act	121
6 Fringe benefits	122
7 Superannuation contributions relating to pre-1 July 1997 service	123
8 Superannuation contributions not readily related to particular employees	124
9 Employment agents	125
10 Exemption continues for certain schools	125
11 Approved training schemes	126
12 Exemption continues for public hospitals	126
13 Registration of employers	126
14 Designated group employers	126

<i>Section</i>	<i>Page</i>
15 <b>State Taxation Acts Amendment Act 2008</b>	127
16 Application of amendments	127
17 <b>State Taxation Acts Amendment Act 2011</b>	127
18 <b>State Tax Laws Amendment (Budget and Other Measures) Act 2013</b>	129
<hr/>	
<b>ENDNOTES</b>	<b>130</b>
1. General Information	130
2. Table of Amendments	131
3. Explanatory Details	133



---

**Authorised Version No. 022**

**Payroll Tax Act 2007**

**No. 26 of 2007**

Authorised Version incorporating amendments as at  
1 July 2014

**The Parliament of Victoria enacts:**

**PART 1—PRELIMINARY**

**1 Purposes**

The purposes of this Act are—

- (a) to re-enact and modernise the law relating to payroll tax; and
- (b) to harmonise payroll tax law with New South Wales; and
- (c) to repeal the **Pay-roll Tax Act 1971**; and
- (d) to amend the **Taxation Administration Act 1997** and other Acts.

**2 Commencement**

- (1) This Act (except section 108) comes into operation on 1 July 2007.
- (2) Section 108 comes into operation on the later of—
  - (a) 1 July 2007;
  - (b) the day on which section 6.1.2 of the **Education and Training Reform Act 2006** comes into operation.

**3 Definitions**

In this Act—

**ABN** means the ABN (Australian Business Number) for an entity within the meaning of the A New Tax System (Australian Business Number) Act 1999 of the Commonwealth;

S. 3 def. of  
**ABN**  
inserted by  
No. 83/2009  
s. 15.

*agent* includes—

- (a) a person who, in this jurisdiction, for or on behalf of another person outside this jurisdiction, holds or has the management or control of the business of that other person; and
- (b) a person who, by an order of the Commissioner, is declared to be an agent or the sole agent for any other person for the purposes of this Act and on whom notice of that order has been served;

*Australia* means the States of the Commonwealth and the Territories;

*Australian jurisdiction* means a State or a Territory;

S. 3 def. of  
*Australian  
jurisdiction*  
inserted by  
No. 83/2009  
s. 15.

*coastal waters of Victoria* has the same meaning as *coastal waters of the State* has in relation to Victoria in the Coastal Waters (State Powers) Act 1980 of the Commonwealth;

*company* includes all bodies and associations (corporate and unincorporate) and partnerships;

*corporation* has the same meaning as in section 9 of the Corporations Act;

*corresponding law* means a law in force in another State or a Territory relating to the imposition upon employers of a tax on wages paid or payable by them and the assessment and collection of that tax;

*designated group employer* means a member designated for a group in accordance with section 80;

---

**director** of a company includes a member of the governing body of the company;

**employer** means a person who pays or is liable to pay wages and includes—

- (a) the Crown in any of its capacities; and
- (b) a person taken to be an employer by or under this Act; and
- (c) a public, local or municipal body or authority constituted under the law of the Commonwealth or of a State or Territory unless, being an authority constituted under the law of the Commonwealth, it is immune from the operation of this Act;

**employment agency contract** has the meaning given in section 37;

**employment agent** has the meaning given in section 37;

**exempt wages** mean wages that are declared by or under this Act to be exempt wages;

**FBTA Act** means the Fringe Benefits Tax Assessment Act 1986 of the Commonwealth;

**financial year** means each year commencing on 1 July;

**fringe benefit** has the same meaning as in the FBTA Act but does not include—

- (a) a tax-exempt body entertainment fringe benefit within the meaning of that Act; or
- (b) anything that is prescribed by the regulations under this Act not to be a fringe benefit for the purposes of this definition;

S. 3 def. of  
*instrument*  
inserted by  
No. 83/2009  
s. 15.

*group* has the meaning given in section 67;

*GST* has the same meaning as it has in the A New Tax System (Goods and Services Tax) Act 1999 of the Commonwealth except that it includes notional GST of the kind for which payments may be made under Part 3 of the **National Taxation Reform (Consequential Provisions) Act 2000** by a person that is a State entity within the meaning of that Act;

*instrument* includes a cheque, bill of exchange, promissory note, money order or a postal order issued by a post office;

*interstate wages* means wages that are taxable wages within the meaning of a corresponding law;

*ITAA* means the Income Tax Assessment Act 1997 of the Commonwealth;

*liquidator* means the person who, whether or not appointed as liquidator, is the person required by law to carry out the winding-up of a company;

*month* means the month of January, February, March, April, May, June, July, August, September, October, November and December;

*option* means an option or right, whether actual, prospective or contingent, of a person to acquire a share or to have a share transferred or allotted to the person;

*paid*, in relation to wages, includes provided, conferred and assigned and *pay* and *payable* have corresponding meanings;

*payroll tax* means tax imposed by section 6;

*perform*, in relation to services, includes render;

*registered business address* means an address for service of notices under the A New Tax System (Australian Business Number) Act 1999 of the Commonwealth on an entity that has an ABN, as shown in the Australian Business Register kept under that Act;

S. 3 def. of *registered business address* inserted by No. 83/2009 s. 15.

*return period*, in relation to an employer, means a period relating to which that employer is required to lodge a return under this Act;

*share* means a share in a company and includes a stapled security;

S. 3 def. of *share* amended by No. 28/2011 s. 33.

*superannuation contribution* has the meaning given in section 17(2);

*taxable wages* has the meaning given in section 10;

*termination payment* has the meaning given in section 27;

*Territories* means the Australian Capital Territory (including the Jervis Bay Territory) and the Northern Territory;

*this jurisdiction* means Victoria and the coastal waters of Victoria;

*voting share* has the same meaning as in section 9 of the Corporations Act;

*wages* has the meaning given in Part 3.

#### 4 Taxation Administration Act 1997

This Act is to be read together with the **Taxation Administration Act 1997** which provides for the administration and enforcement of this Act and other taxation laws.

**5 Act binds the Crown**

- (1) This Act binds the Crown in right of this jurisdiction and, so far as the legislative power of the Parliament permits, the Crown in all its other capacities.
  - (2) Nothing in this Act makes the Crown in any of its capacities liable to be prosecuted for an offence.
-

---

## PART 2—IMPOSITION OF PAYROLL TAX

### Division 1—Imposition of tax

#### 6 Imposition of payroll tax

Payroll tax is imposed on all taxable wages.

#### 7 Who is liable for payroll tax?

The employer by whom taxable wages are paid or payable is liable to pay payroll tax on the wages.

#### 8 Amount of payroll tax

The amount of payroll tax payable by an employer is to be ascertained in accordance with Schedules 1 and 2.

#### 9 When must payroll tax be paid?

- (1) A person who is liable to pay payroll tax on taxable wages must pay the tax—
  - (a) within 7 days after the end of the month in which those wages were paid or payable, other than the month of June; and
  - (b) within 21 days after the end of the month of June in relation to taxable wages paid or payable in the month of June.
- (2) However, if the Commissioner has reason to believe that a person may leave Australia before any payroll tax becomes payable by the person, the tax is payable on the day fixed by the Commissioner by notice served on the person.

### Division 2—Taxable wages

#### 10 What are taxable wages?

- (1) For the purposes of this Act, *taxable wages* are wages that are taxable in this jurisdiction.
- (2) However, exempt wages are not taxable wages.

S. 10  
substituted by  
No. 83/2009  
s. 16.

S. 11  
substituted by  
No. 83/2009  
s. 16.

## 11 Wages that are taxable in this jurisdiction

- (1) For the purposes of this Act, wages are taxable in this jurisdiction if—
  - (a) the wages are paid or payable by an employer for or in relation to services performed by an employee wholly in this jurisdiction; or
  - (b) the wages are paid or payable by an employer for or in relation to services performed by an employee in 2 or more Australian jurisdictions, or partly in one or more Australian jurisdictions and partly outside all Australian jurisdictions, and—
    - (i) the employee is based in this jurisdiction; or
    - (ii) the employer is based in this jurisdiction (in a case where the employee is not based in an Australian jurisdiction); or
    - (iii) the wages are paid or payable in this jurisdiction (in a case where both the employee and the employer are not based in an Australian jurisdiction); or
    - (iv) the wages are paid or payable for services performed mainly in this jurisdiction (in a case where both the employee and the employer are not based in an Australian jurisdiction and the wages are not paid or payable in an Australian jurisdiction); or
  - (c) the wages are paid or payable by an employer for or in relation to services performed by an employee wholly outside all Australian jurisdictions and are paid or payable in this jurisdiction.



---

**Note**

Section 66A provides an exemption for wages paid or payable for services performed wholly in one or more other countries for a continuous period of more than 6 months.

- (2) The question of whether wages are taxable in this jurisdiction is to be determined by reference only to the services performed by the employee in respect of the employer during the month in which the wages are paid or payable, subject to this section.
- (3) Any wages paid or payable by an employer in respect of an employee in a particular month are taken to be paid or payable for or in relation to the services performed by the employee in respect of the employer during that month.

**Note**

For example, if wages paid in a month are paid to an employee for services performed over several months, the question of whether the wages are taxable in this jurisdiction is to be determined by reference only to services performed by the employee in the month in which the wages are paid. The services performed in previous months are disregarded. (The services performed in previous months will be relevant to the question of whether wages paid in those previous months are taxable in this jurisdiction.)

- (4) If no services are performed by an employee in respect of an employer during the month in which wages are paid or payable to or in relation to the employee—
  - (a) the question of whether the wages are taxable in this jurisdiction is to be determined by reference only to the services performed by the employee in respect of the employer during the most recent prior month in which the employee performed services in respect of the employer; and

- 
- (b) the wages are taken to be paid or payable for or in relation to the services performed by the employee in respect of the employer during that most recent prior month.
- (5) If no services were performed by an employee in respect of an employer during the month in which wages are paid or payable to or in relation to the employee or in any prior month—
- (a) the wages are taken to be paid or payable for or in relation to services performed by the employee in the month in which the wages are paid or payable; and
- (b) the services are taken to have been performed at a place or places where it may be reasonably expected that the services of the employee in respect of the employer will be performed.
- (6) All amounts of wages paid or payable in the same month by the same employer in respect of the same employee are to be aggregated for the purposes of determining whether they are taxable in this jurisdiction (as if they were paid or payable for all services performed by the employee in the month in which the wages are paid or payable, or the most recent prior month, as the case requires).

**Note**

For example, if one amount of wages is paid by an employer in a particular month for services performed in this jurisdiction, and another amount of wages is paid by the same employer in the same month for services performed by the same employee in another Australian jurisdiction, the wages paid are to be aggregated (as if they were paid for all services performed by the employee in that month). Accordingly, subsection (1)(b) would be applied for the purpose of determining whether the wages are taxable in this jurisdiction.

- (7) If wages are paid in a different month from the month in which they are payable, the question of whether the wages are taxable in this jurisdiction is to be determined by reference to the earlier of the relevant months.

**11A Jurisdiction in which employee is based**

S. 11A  
inserted by  
No. 83/2009  
s. 16.

- (1) For the purposes of this Act, the jurisdiction in which an employee is based is the jurisdiction in which the employee's principal place of residence is located.
- (2) The jurisdiction in which an employee is based is to be determined by reference to the state of affairs existing during the month in which the relevant wages are paid or payable.
- (3) If more than one jurisdiction would qualify as the jurisdiction in which an employee is based during a month, the jurisdiction in which the employee is based is to be determined by reference to the state of affairs existing on the last day of that month.
- (4) An employee who does not have a principal place of residence is taken, for the purposes of this Act, to be an employee who is not based in an Australian jurisdiction.
- (5) In the case of wages paid or payable to a corporate employee, the jurisdiction in which the employee is based is to be determined in accordance with section 11B instead of this section (as if a reference in section 11B to an employer were a reference to an employee).
- (6) In this section, a *corporate employee* is a company that is taken to be an employee under section 34 or 39 or a company to whom a payment is made that is taken to be wages payable to an employee under section 42 or 47.

S. 11B  
inserted by  
No. 83/2009  
s. 16.

### **11B Jurisdiction in which employer is based**

- (1) For the purposes of this Act, the jurisdiction in which an employer is based is—
  - (a) the jurisdiction in which the employer's registered business address is located (if the employer has an ABN); or
  - (b) the jurisdiction in which the employer's principal place of business is located (in any other case).
- (2) If wages are paid or payable in connection with a business carried on by an employer under a trust, the employer's registered business address is the registered business address of the trust or, if the trust does not have an ABN, the registered business address of the trustee of the trust.
- (3) If an employer has registered business addresses located in different jurisdictions at the same point in time, the jurisdiction in which the employer is based at that point in time is the jurisdiction in which the employer's principal place of business is located.
- (4) The jurisdiction in which an employer is based is to be determined by reference to the state of affairs existing during the month in which the relevant wages are paid or payable.
- (5) If more than one jurisdiction would qualify as the jurisdiction in which an employer is based during a month, the jurisdiction in which the employer is based is to be determined by reference to the state of affairs existing on the last day of that month.
- (6) An employer who has neither a registered business address nor a principal place of business is taken, for the purposes of this Act, to be an employer who is not based in an Australian jurisdiction.

---

**11C Place and date of payment of wages**

S. 11C  
inserted by  
No. 83/2009  
s. 16.

- (1) For the purposes of this Act, wages are taken to have been paid at a place if, for the purpose of the payment of those wages—
  - (a) an instrument is sent or given or an amount is transferred by an employer to a person or a person's agent at that place; or
  - (b) an instruction is given by an employer for the crediting of an amount to the account of a person or a person's agent at that place.
- (2) The wages are taken to have been paid on the date that the instrument was sent or given, the amount was transferred or the account credited in accordance with the instruction (as the case requires).
- (3) Wages are taken to be payable at the place at which they are paid, subject to this section.
- (4) Wages that are not paid by the end of the month in which they are payable are taken to be payable at—
  - (a) the place where wages were last paid by the employer to the employee; or
  - (b) if wages have not previously been paid by the employer to the employee—the place where the employee last performed services in respect of the employer before the wages became payable.
- (5) If wages paid or payable in the same month by the same employer in respect of the same employee are paid or payable in more than one Australian jurisdiction, the wages paid or payable in that month are taken to be paid or payable in the Australian jurisdiction in which the highest proportion of the wages are paid or payable.

**Note**

Section 11 requires all wages paid or payable in the same month by the same employer in respect of the same employee to be aggregated for the purpose of determining whether the wages are taxable in this jurisdiction. The above provision ensures only one Australian jurisdiction can be considered to be the jurisdiction in which the wages are paid or payable.

**Division 3—Other**

**12 Payroll tax paid under corresponding applied law**

(1) For the purposes of ascertaining the payroll tax payable under this Act by an employer who during a return period pays taxable wages and Commonwealth place wages, there is to be deducted from the amount of payroll tax payable by the employer under this Act the amount of payroll tax payable by the employer under the corresponding applied law.

(2) In this section—

***Commonwealth Act*** means the Commonwealth Places (Mirror Taxes) Act 1998 of the Commonwealth;

***Commonwealth place wages*** means wages that would be taxable wages within the meaning of the corresponding applied law if the corresponding applied law applied in relation to each place in this jurisdiction that is a Commonwealth place;

***corresponding applied law*** means the provisions of the **Payroll Tax Act 2007** that would apply in relation to each place in this jurisdiction that is a Commonwealth place, pursuant to section 6(2) of the Commonwealth Act, if those provisions were ***excluded provisions*** within the meaning of section 6(1) of the Commonwealth Act.

---

**PART 3—WAGES**

**Division 1—General concept of wages**

**13 What are wages?**

- (1) For the purposes of this Act, *wages* mean wages, remuneration, salary, commission, bonuses or allowances paid or payable to an employee, including—
- (a) an amount paid or payable by way of remuneration to a person holding an office under the Crown or in the service of the Crown; and
  - (b) an amount paid or payable under any prescribed classes of contracts to the extent to which that payment is attributable to labour; and
  - (c) an amount paid or payable by a company by way of remuneration to or in relation to a director of that company; and
  - (d) an amount paid or payable by way of commission to an insurance or time-payment canvasser or collector; and
  - (e) an amount that is included as or taken to be wages by any other provision of this Act.
- (2) For the purposes of this Act, wages, remuneration, salary, commission, bonuses or allowances are wages—
- (a) whether paid or payable at piece work rates or otherwise; and
  - (b) whether paid or payable in cash or in kind.

S. 13(3)  
inserted by  
No. 83/2009  
s. 17.

- (3) This Act applies in respect of wages referred to in subsections (1)(a) to (e) that are paid or payable to or in relation to a person who is not an employee in the same way as it applies to wages paid or payable to an employee (as if a reference in this Act to an employee included a reference to any such person).

### Division 2—Fringe benefits

#### 14 Wages include fringe benefits

- (1) For the purposes of this Act, *wages* include a fringe benefit.
- (2) Subsection (1) does not apply to benefits that are exempt benefits for the purposes of the FBTA Act (other than deposits to the Superannuation Holding Accounts Special Account within the meaning of the Small Superannuation Accounts Act 1995 of the Commonwealth).

#### 15 Value of wages comprising fringe benefits

- (1) For the purposes of this Act, the value of wages comprising a fringe benefit is to be determined in accordance with the formula—

$$TV \times \frac{1}{1 - \text{FBT rate}}$$

where—

**TV** is the value that would be the taxable value of the benefit as a fringe benefit for the purposes of the FBTA Act;

**FBT rate** is the rate of fringe benefits tax imposed by the FBTA Act that applies when the liability to payroll tax under this Act arises.



- 
- (2) In this Act, a reference to taxable wages that were paid or payable by an employer during a month is, in relation to taxable wages comprising fringe benefits—
- (a) a reference to the value of the fringe benefits paid or payable by the employer during the month; or
  - (b) if an election by the employer is in force under section 16, a reference to an amount calculated in accordance with that section.
- (3) In this Act, a reference to taxable wages that were paid or payable by an employer during a year is, in relation to taxable wages comprising fringe benefits, a reference to an amount calculated by adding together the amounts under subsection (2)(a) or (b) (or subsection (2)(a) and (b)) as the case requires, for the months of that year.

**16 Employer election regarding taxable value of fringe benefits**

- (1) An employer who has paid or is liable to pay fringe benefits tax imposed by the FBTA Act in respect of a period of not less than 15 months before 30 June in any year may elect to include as the value of the fringe benefits paid or payable by the employer during the month concerned—
- (a) in a return lodged in relation to each of the first 11 months occurring after 30 June in that year— $\frac{1}{12}$ th of the amount determined in accordance with subsection (2) or that part of that amount as, in accordance with section 10, comprises taxable wages for the year of tax (within the meaning of the FBTA Act) ending on 31 March preceding the commencement of the current financial year; and

(b) in the return lodged in relation to the 12th month—the amount determined in accordance with subsection (2) or that part of that amount as, in accordance with section 10, comprises taxable wages for the year of tax (within the meaning of the FBTA Act) ending on 31 March preceding that month, less the total of the amounts of fringe benefits included in the returns for each of the preceding 11 months.

(2) The amount determined in accordance with this subsection is to be determined in accordance with the formula—

$$\text{AFBA} \times \frac{1}{1 - \text{FBT rate}}$$

where—

**AFBA** is the aggregate fringe benefits amount within the meaning of section 136 of the FBTA Act;

**FBT rate** is the rate of fringe benefits tax imposed by the FBTA Act that applies when the liability to payroll tax under this Act arises.

(3) An election under subsection (1) takes effect when it is notified to the Commissioner in the form approved by the Commissioner.

(4) After an employer has made an election under subsection (1), the employer must lodge returns containing amounts calculated in accordance with the election unless the Commissioner approves, by notice in writing given to the employer, the termination of the election and allows the employer to include the value referred to in section 15(2)(a).

- 
- (5) If an employer ceases to be liable to pay payroll tax, the value of taxable wages comprising fringe benefits to be included in the employer's final return is (irrespective of whether or not the employer has made an election under subsection (1)) the value of the fringe benefits paid or payable by the employer for the period commencing on and including the preceding 1 July until the date on which the employer ceases to be liable to payroll tax, less the value of the fringe benefits paid or payable by the employer during that period on which payroll tax has been paid.

### **Division 3—Superannuation contributions**

#### **17 Wages include superannuation contributions**

- (1) For the purposes of this Act, *wages* include a superannuation contribution.
- (2) A *superannuation contribution* is a contribution paid or payable by an employer in respect of an employee—
- (a) to or as a superannuation fund within the meaning of the Superannuation Industry (Supervision) Act 1993 of the Commonwealth; or
  - (b) as a superannuation guarantee charge within the meaning of the Superannuation Guarantee (Administration) Act 1992 of the Commonwealth; or
  - (c) to or as any other form of superannuation, provident or retirement fund or scheme including—

- 
- (i) the Superannuation Holding Accounts Special Account within the meaning of the Small Superannuation Accounts Act 1995 of the Commonwealth; and
  - (ii) a retirement savings account within the meaning of the Retirement Savings Accounts Act 1997 of the Commonwealth; and
  - (iii) a wholly or partly unfunded fund or scheme.
- (3) Setting aside any money or anything that is worth money as, or as part of, a superannuation fund, superannuation guarantee charge or any other form of superannuation, provident or retirement fund or scheme is taken to be paying a superannuation contribution.
- (4) Making a superannuation contribution of anything that is worth money is taken to be paying a superannuation contribution of the amount equal to its value, and its value is to be worked out in accordance with section 43 as if that section referred to the contribution instead of to wages.
- (5) A superannuation, provident or retirement fund or scheme is unfunded to the extent that money paid or payable by an employer in respect of an employee covered by the fund or scheme is not paid or payable during the employee's period of service with the employer.
- (6) In this section—
- employee* includes any person to whom, by virtue of a paragraph of the definition of *wages* in section 13(1), an amount paid or payable in the circumstances referred to in that paragraph constitutes wages.

---

**Division 4—Shares and options**

**18 Inclusion of grant of shares and options as wages**

- (1) For the purposes of this Act, *wages* include the grant of a share or an option to an employee by an employer in respect of services performed by the employee if the share or option is an ESS interest (within the meaning of section 83A-10 of the ITAA) and is granted to the employee under an employee share scheme (within the meaning of that section).

S. 18(1)  
substituted by  
No. 28/2011  
s. 34.

**Note**

A grant of a share or an option to an employee by an employer that is not an ESS interest will be taxable as a fringe benefit under Division 2 of this Part.

- (2) Any such wages are taken, for the purpose of the imposition of payroll tax, to be paid or payable on the relevant day.
- (3) For the purposes of this Division, the *relevant day* is the day that the employer elects in accordance with this Division to treat as the day on which the wages are paid or payable.
- (4) To avoid doubt, the grant of a share or option is valuable consideration for the purposes of section 46.

**19 Choice of relevant day**

- (1) The employer can elect to treat as the *relevant day* either the date on which the share or option is granted to the employee or the vesting date.
- (2) A share or option is *granted* to a person if—
- (a) another person transfers the share or option to that person (other than, in the case of a share, by issuing the share to that person); or

S. 19(2)  
substituted by  
No. 28/2011  
s. 35(1).

s. 19

- 
- (b) in the case of a share—another person allots the share to that person; or
- (c) in the case of an option—another person confers the option on, or otherwise creates the option in, that person; or
- (d) the person otherwise acquires a legal interest in the share or option from another person; or
- (e) the person acquires a beneficial interest in the share or option from another person.
- S. 19(2A)  
inserted by  
No. 28/2011  
s. 35(1).
- (2A) To avoid doubt, if an employee acquires a right to be granted a share or an option, or some other material benefit, at the election of the employer, the share or option is not granted until the employer elects to grant the share or option.
- S. 19(3)  
substituted by  
No. 28/2011  
s. 35(2).
- (3) The **vesting date** in respect of a share is one of the following dates (whichever happens first)—
- (a) the date on which the share vests in the employee (that is, when any conditions applying to the grant of the share have been met and the employee's legal or beneficial interest in the share cannot be rescinded);
- (b) the date at the end of the period of 7 years from the date on which the share is granted to the employee.
- S. 19(4)  
substituted by  
No. 28/2011  
s. 35(2).
- (4) The **vesting date** in respect of an option is one of the following dates (whichever happens first)—
- (a) the date on which the share to which the option relates is granted to the employee;
- (b) the date on which the employee exercises a right under the option to have the share the subject of the option transferred to, allotted to or vested in him or her;

- 
- (c) the date at the end of the period of 7 years from the date on which the option is granted to the employee.

## **20 Deemed choice of relevant day in special cases**

- (1) If an employer grants a share or an option to an employee and the value of the grant of the share or option is not included in the taxable wages of the employer for the financial year in which the share or option was granted, the employer is taken to have elected to treat the wages constituted by the grant of that share or option as being paid or payable on the vesting date.
- (2) If an employer grants a share or an option to an employee and the value of the grant of the share or option is nil or, if the employer were to elect to treat the date of grant as the relevant day, the wages constituted by the grant would not be liable to payroll tax, the employer is taken to have elected to treat the wages constituted by the grant of that share or option as being paid or payable on the date on which the share or option was granted.

## **21 Effect of rescission, cancellation of share or option**

- (1) If the grant of a share or option is withdrawn, cancelled or exchanged before the vesting date for any valuable consideration (other than the grant of other shares or options), the following provisions apply—
- (a) the date of withdrawal, cancellation or exchange is taken to be the vesting date of the share or option;
- (b) the market value of the share or option, on the vesting date, is taken to be the amount of the valuable consideration (and, accordingly, that amount is the amount paid or payable as wages on that date).

- (2) If an employer includes the value of a grant of a share or option in the taxable wages of the employer for a financial year and the grant is rescinded because the conditions attaching to the grant were not met, the taxable wages of the employer, in the financial year in which the grant is rescinded, are to be reduced by the value of the grant as previously included in the taxable wages of the employer.
- (3) Subsection (2) does not apply just because an employee fails to exercise an option or to otherwise exercise his or her rights in respect of a share or option.

## **22 Grant of share pursuant to exercise of option**

The grant of the share by an employer does not constitute wages for the purposes of this Act if the employer is required to grant the share as a consequence of the exercise of an option by a person and—

- (a) the grant of the option to the person constitutes wages for the purposes of this Act; or
- (b) the option was granted to the person before 1 July 2007.

## **23 Value of shares and options**

- (1) If the grant of a share or option constitutes wages under this Division, the amount paid or payable as wages is taken, for the purposes of this Act, to be the value of the share or option (expressed in Australian currency) on the relevant day, less the consideration (if any) paid or given by the employee in respect of the share or option (other than consideration in the form of services performed).

S. 23(1)  
amended by  
No. 28/2011  
s. 36(1).



- 
- (2) The value of a share or an option is—
- (a) the market value; or
  - (b) the amount determined as provided for by the Commonwealth income tax provisions.
- (3) The employer may elect the method by which the value of a share or an option is determined in any return lodged under this Act.
- (4) However, the Commissioner may determine the method by which the value of a share or option is determined if the grant of the share or option is not included as wages in a return lodged by an employer as required by this Act.
- (5) In determining the market value of a share or an option, anything that would prevent or restrict conversion of the share or option to money is to be disregarded.
- (6) The Commonwealth income tax provisions apply with the following modifications, and any other necessary modifications—
- (a) the value of an option is to be determined as if it were a right to acquire a beneficial interest in a share;
  - (b) a reference to the acquisition of a beneficial interest in a share or right is to be read as a reference to the grant of a share or an option.
- (7) In this section—
- Commonwealth income tax provisions*** means section 83A-315 of the ITAA and the regulations made for the purposes of that section.

**Note**

See Division 83A of the Income Tax Assessment Regulations 1997 of the Commonwealth for the relevant regulations.

s. 24

## 24 Inclusion of shares and options granted to directors as wages

S. 24(1)  
substituted by  
No. 28/2011  
s. 37(1).

- (1) For the purposes of this Act, *wages* include the grant of a share or an option by a company to a director of the company who is not an employee of the company by way of remuneration for the appointment or services of the director.
- (2) For that purpose, the other provisions of this Division apply in respect of any such grant as if a reference to the employer were a reference to the company and a reference to the employee were a reference to the director of the company.
- (3) In this section, a reference to a director of the company includes a reference to the following—
  - (a) a person who, under a contract or other arrangement, is to be appointed as a director of the company;
  - (b) a former director of the company.

S. 24(4)  
repealed by  
No. 83/2009  
s. 18(1),  
new s. 24(4)  
inserted by  
No. 28/2011  
s. 37(2).

- (4) However, if wages referred to in this section are fringe benefits, the value of the wages is to be determined in accordance with Division 2 of this Part (and not this Division).

Note to s. 24  
inserted by  
No. 83/2009  
s. 18(2).

### Note

Section 13 provides that a reference to an employee in this Act includes a reference to any person to whom any amount that is treated as wages under this Act is payable. See also section 11, which deems the wages to be paid or payable for services performed.

S. 25  
repealed by  
No. 83/2009  
s. 19.

\* \* \* \* \*

## 26 Place where wages are payable

- (1) The wages constituted by the grant of the share or option are taken to be paid or payable in this jurisdiction if the share is a share in a local company or, in the case of an option, an option to acquire shares in a local company.
- (2) In any other case, the wages constituted by the grant of the share or option are taken to be paid or payable outside this jurisdiction.

### Note

The place where wages are paid or payable is sometimes relevant to determining whether the wages are liable to payroll tax under this Act. See section 11.

Note to  
s. 26(2)  
substituted by  
No. 83/2009  
s. 20.

- (3) In this section—

*local company* means—

- (a) a company incorporated or taken to be incorporated under the Corporations Act that is taken to be registered in this jurisdiction for the purposes of that Act; or
- (b) any other body corporate that is incorporated under an Act of this jurisdiction.

## Division 5—Termination payments

### 27 Definitions

In this Division—

*employment termination payment* means—

- (a) an employment termination payment within the meaning of section 82-130 of the ITAA; or
- (b) a payment that would be an employment termination payment within the meaning of section 82-130 of

---

the ITAA but for the fact that it was received later than 12 months after the termination of a person's employment; or

- (c) a transitional termination payment within the meaning of section 82-10 of the Income Tax (Transitional Provisions) Act 1997 of the Commonwealth;

***termination payment*** means—

- (a) a payment made in consequence of the retirement from, or termination of, any office or employment of an employee, being—
- (i) an unused annual leave payment; or
  - (ii) an unused long service leave payment; or
  - (iii) so much of an employment termination payment paid or payable by an employer, whether or not paid to the employee or to any other person or body, that would be included in the assessable income of an employee under Part 2-40 of the ITAA if the whole of the employment termination payment had been paid to the employee; or
- (b) an amount paid or payable by a company as a consequence of the termination of the services or office of a director of the company, whether or not paid to the director or to any other person or body, that would be an employment termination payment if

that amount had been paid or payable as a consequence of termination of employment; or

- (c) an amount paid or payable by a person who is an employer under a relevant contract (within the meaning of section 32) as a consequence of the termination of the supply of the services of an employee under the contract, whether or not paid to the employee or to any other person, if the amount would be an employment termination payment if that amount had been paid or payable as a consequence of termination of employment;

*unused annual leave payment* has the same meaning as in section 83-10 of the ITAA;

*unused long service leave payment* has the same meaning as in section 83-75 of the ITAA.

## 28 Termination payments

For the purposes of this Act, *wages* include a termination payment.

### Division 6—Allowances

## 29 Motor vehicle allowances

- (1) For the purposes of this Act, *wages*, in respect of a financial year, do not include the exempt component of a motor vehicle allowance paid or payable in respect of that year.
- (2) Accordingly, if the total motor vehicle allowance paid or payable to an employee in respect of a financial year does not exceed the exempt component, the motor vehicle allowance is not *wages* for the purposes of this Act.

- 
- (3) If the total motor vehicle allowance paid or payable to an employee in respect of a financial year exceeds the exempt component (if any), only that amount that exceeds the exempt component of the motor vehicle allowance is included as **wages** for the purposes of this Act.
- (4) The **exempt component** of a motor vehicle allowance paid or payable in respect of a financial year is calculated in accordance with the formula—
- $$E = K \times R$$
- where—
- E** is the exempt component;
  - K** is the number of business kilometres travelled during the financial year;
  - R** is the exempt rate.
- (5) The **number of business kilometres travelled during the financial year** ("K") is to be determined in accordance with the continuous recording method, or the averaging method, whichever method is selected and used by the employer in accordance with Part 5 of Schedule 1.
- (6) The Commissioner, by order in writing, may approve the use, by an employer or class of employer, of another method of determining the number of business kilometres travelled during the financial year (including the use of an estimate). If so, the number of business kilometres travelled during the financial year is to be determined in accordance with the method approved by the Commissioner.

- 
- (7) For the purposes of this section, the *exempt rate* for the financial year concerned is—
- (a) the rate prescribed by the regulations under section 28-25 of the ITAA for calculating a deduction for car expenses for a large car using the "cents per kilometre method" in the financial year immediately preceding the financial year in which the allowance is paid or payable; or
  - (b) if no rate referred to in paragraph (a) is prescribed, the rate prescribed by the regulations under this Act.

### 30 Accommodation allowances

- (1) For the purposes of this Act, *wages* do not include an accommodation allowance paid or payable to an employee in respect of a night's absence from the person's usual place of residence that does not exceed the exempt rate.
- (2) If the accommodation allowance paid or payable to an employee in respect of a night's absence from the person's usual place of residence exceeds the exempt rate, *wages* include that allowance only to the extent that it exceeds the exempt rate.
- (3) For the purposes of this section, the *exempt rate* for the financial year concerned is—
  - (a) the total reasonable amount for daily travel allowance expenses using the lowest capital city for the lowest salary band for the financial year determined by the Commissioner of Taxation of the Commonwealth; or
  - (b) if no determination referred to in paragraph (a) is in force, the rate prescribed by the regulations.

---

## Division 7—Contractor provisions

### 31 Definitions

In this Division—

**contract** includes an agreement, arrangement or undertaking, whether formal or informal and whether express or implied;

**relevant contract** has the meaning given in section 32;

**re-supply** of goods acquired from a person includes—

- (a) a supply to the person of goods in an altered form or condition; and
- (b) a supply to the person of goods in which the first-mentioned goods have been incorporated;

**services** includes results (whether goods or services) of work performed;

**supply** includes supply by way of sale, exchange, lease, hire or hire-purchase, and in relation to services includes the providing, granting or conferring of services.

### 32 What is a relevant contract?

(1) In this Division, a **relevant contract** in relation to a financial year is a contract under which a person (the **designated person**) during that financial year, in the course of a business carried on by the designated person—

- (a) supplies to another person services for or in relation to the performance of work; or
- (b) has supplied to the designated person the services of persons for or in relation to the performance of work; or



- 
- (c) gives out goods to natural persons for work to be performed by those persons in respect of those goods and for re-supply of the goods to the designated person or, where the designated person is a member of a group, to another member of that group.
- (2) However, a *relevant contract* does not include a contract of service or a contract under which a person (the *designated person*) during a financial year in the course of a business carried on by the designated person—
- (a) is supplied with services for or in relation to the performance of work that are ancillary to the supply of goods under the contract by the person by whom the services are supplied or to the use of goods which are the property of that person; or
  - (b) is supplied with services for or in relation to the performance of work where—
    - (i) those services are of a kind not ordinarily required by the designated person and are performed by a person who ordinarily performs services of that kind to the public generally; or
    - (ii) those services are of a kind ordinarily required by the designated person for less than 180 days in a financial year; or
    - (iii) those services are provided for a period that does not exceed 90 days or for periods that, in the aggregate, do not exceed 90 days in that financial year and are not services—
      - (A) provided by a person by whom similar services are provided to the designated person; or

(B) for or in relation to the performance of work where any of the persons who perform the work also perform similar work for the designated person—

for periods that, in the aggregate, exceed 90 days in that financial year; or

(iv) those services are supplied under a contract to which subparagraphs (i) to (iii) do not apply and the Commissioner is satisfied that those services are performed by a person who ordinarily performs services of that kind to the public generally in that financial year; or

S. 32(2)(c)  
amended by  
No. 41/2013  
s. 44(1)(b).

(c) is supplied by a person (the *contractor*) with services for or in relation to the performance of work under a contract to which paragraphs (a) and (b) do not apply where the work to which the services relate is performed—

(i) by two or more persons employed by, or who provide services for, the contractor in the course of a business carried on by the contractor; or

(ii) where the contractor is a partnership of two or more natural persons, by one or more of the members of the partnership and one or more persons employed by, or who provide services for, the contractor in the course of a business carried on by the contractor; or

S. 32(2)(c)(iii)  
amended by  
No. 41/2013  
s. 44(1)(a).

(iii) where the contractor is a natural person, by the contractor and one or more persons employed by, or who provide services for, the contractor in the course

---

of a business carried on by the contractor; or

(d) is supplied with—

**S. 32(2)(d)**  
amended by  
No. 41/2013  
s. 44(2)(c).

(i) services solely for or ancillary to the conveyance of goods by means of a vehicle provided by the person conveying them; or

**S. 32(2)(d)(i)**  
amended by  
No. 41/2013  
s. 44(2)(a).

(ii) services solely for or in relation to the procurement of persons desiring to be insured by the designated person; or

(iii) services for or in relation to the door-to-door sale of goods solely for domestic purposes on behalf of the designated person.

**S. 32(2)(d)(iii)**  
amended by  
No. 41/2013  
s. 44(2)(b).

(2A) Subsection (2)(a), (2)(b)(i), (2)(b)(iv) or (2)(d) does not apply to a contract under which services not referred to in that subsection are supplied in addition to services referred to in that subsection.

**S. 32(2A)**  
inserted by  
No. 41/2013  
s. 44(3).

(2B) Subsection (2)(b)(ii) or (iii) does not apply to—

**S. 32(2B)**  
inserted by  
No. 41/2013  
s. 44(3).

(a) a contract under which services not referred to in that subsection are supplied in addition to services referred to in that subsection; or

(b) a contract under which services referred to in that subsection are provided for a period exceeding a period referred to in that subsection.

(2C) Subsection (2)(c) does not apply to a contract under which work is performed in a manner other than a manner referred to in that subsection, in addition to work performed in a manner referred to in that subsection.

**S. 32(2C)**  
inserted by  
No. 41/2013  
s. 44(3).

S. 32(2D)  
inserted by  
No. 41/2013  
s. 44(3).

- (2D) Subsection (2) does not apply if the Commissioner determines that the contract under which the services are supplied was entered into with an intention either directly or indirectly of avoiding or evading the payment of tax by any person.
- (3) For the purposes of this section, an employment agency contract under which services are supplied by an employment agent, or a service provider is procured by an employment agent, is not a relevant contract.

### 33 Persons taken to be employers

- (1) For the purposes of this Act, a person—
- (a) who during a financial year, under a relevant contract, supplies services to another person; or
  - (b) to whom during a financial year, under a relevant contract, the services of persons are supplied for or in relation to the performance of work; or
  - (c) who during a financial year, under a relevant contract, gives out goods to other persons—
- is taken to be an employer in respect of that financial year.
- (2) If a contract is a relevant contract under both section 32(1)(a) and (b)—
- (a) the person to whom, under the contract, the services of persons are supplied for or in relation to the performance of work is taken to be an employer; and
  - (b) despite subsection (1)(a), the person who under the contract supplies the services is taken not to be an employer.

---

### **34 Persons taken to be employees**

For the purposes of this Act, a person who during a financial year—

- (a) performs work for or in relation to which services are supplied to another person under a relevant contract; or
- (b) being a natural person, under a relevant contract, re-supplies goods to an employer—

is taken to be an employee in respect of that financial year.

### **35 Amounts under relevant contracts taken to be wages**

- (1) For the purposes of this Act, amounts paid or payable by an employer during a financial year for or in relation to the performance of work relating to a relevant contract or the re-supply of goods by an employee under a relevant contract are taken to be wages paid or payable during that financial year.
- (2) If an amount referred to in subsection (1) is included in a larger amount paid or payable by an employer under a relevant contract during a financial year, that part of the larger amount which is not attributable to the performance of work relating to the relevant contract or the re-supply of goods by an employee under the relevant contract is as determined by the Commissioner.
- (3) An amount paid or payable for or in relation to the performance of work under a relevant contract is taken to include—
  - (a) any payment made by a person who is taken to be an employer under a relevant contract in relation to a person who is taken to be an employee under the relevant contract that would be a superannuation contribution if

made in relation to a person in the capacity of an employee; and

- (b) the value of any share or option (not otherwise included as wages under this Act) provided or liable to be provided by a person who is taken to be an employer under a relevant contract in relation to a person who is taken to be an employee under the relevant contract that would be included as wages under Division 4 if provided to a person in the capacity of an employee.

### 36 Liability provisions

If, in respect of a payment for or in relation to the performance of work that is taken to be wages under this Division, payroll tax is paid by a person taken under this Division to be an employer—

- (a) no other person is liable to payroll tax in respect of that payment; and
- (b) if another person is liable to make a payment for or in relation to that work, that person is not liable to payroll tax in respect of that payment unless it or the payment by the first-mentioned person is made with an intention either directly or indirectly of avoiding or evading the payment of tax whether by the first-mentioned person or another person.

### Division 8—Employment agents

#### 37 Definitions

- (1) For the purposes of this Act, an *employment agency contract* is a contract, whether formal or informal and whether express or implied, under which a person (an *employment agent*) procures the services of another person (a *service provider*) for a client of the employment agent.

(2) However, a contract is not an employment agency contract for the purposes of this Act if it is, or results in the creation of, a contract of employment between the service provider and the client.

(3) In this section—

*contract* includes agreement, arrangement and undertaking.

### **38 Persons taken to be employers**

For the purposes of this Act, the employment agent under an employment agency contract is taken to be an employer.

### **39 Persons taken to be employees**

For the purposes of this Act, the person who performs work for or in relation to which services are supplied to the client under an employment agency contract is taken to be an employee of the employment agent.

### **40 Amounts taken to be wages**

(1) For the purposes of this Act, the following are taken to be wages paid or payable by the employment agent under an employment agency contract—

- (a) any amount paid or payable to or in relation to the service provider in respect of the provision of services in connection with the employment agency contract;
- (b) the value of any benefit provided for or in relation to the provision of services in connection with the employment agency contract that would be a fringe benefit if provided to a person in the capacity of an employee;

- 
- (c) any payment made in relation to the service provider that would be a superannuation contribution if made in relation to a person in the capacity of an employee.
- (2) Subsection (1) does not apply to an employment agency contract to the extent that an amount, benefit or payment referred to in that subsection would be exempt from payroll tax under Part 4 (other than under Division 4 or 5 of that Part, section 50 or clause 16 of Schedule 2) had the service provider been paid by the client as an employee, if the client has given a declaration to that effect, in the form approved by the Commissioner, to the employment agent.

#### **41 Liability provisions**

Subject to section 42, if an employment agent under an employment agency contract—

- (a) by arrangement procures the services of a service provider for a client of the employment agent; and
- (b) pays payroll tax in respect of an amount, benefit or payment that is, under section 40, taken to be wages paid or payable by the employment agent in respect of the provision of those services in connection with that contract—

no other person (including any other person engaged to procure the services of the service provider for the employment agent's client as part of the arrangement) is liable to pay payroll tax in respect of wages paid or payable for the procurement or performance of those services by the service provider for the client.



---

**42 Agreement to reduce or avoid liability to payroll tax**

- (1) If the effect of an employment agency contract is to reduce or avoid the liability of any party to the contract to the assessment, imposition or payment of payroll tax, the Commissioner may—
  - (a) disregard the contract; and
  - (b) determine that any party to the contract is taken to be an employer for the purposes of this Act; and
  - (c) determine that any payment made in respect of the contract is taken to be wages for the purposes of this Act.
- (2) If the Commissioner makes a determination under subsection (1), the Commissioner must serve a notice of the determination on the person taken to be an employer for the purposes of this Act.
- (3) The notice must set out the facts on which the Commissioner relies and the reasons for the determination.
- (4) This section has effect in relation to agreements, transactions and arrangements made before, on or after the commencement of this section.

**Division 9—Other**

**43 Value of wages paid in kind**

The value of wages (except fringe benefits and shares and options) that are paid or payable in kind is the greater of—

- (a) the value agreed or attributed to the wages in, or ascertainable for the wages from, arrangements between the employer and the employee, whichever is the greater; and

- (b) if the regulations prescribe how the value of wages of that type is to be determined—the value determined in accordance with the regulations.

#### **44 GST excluded from wages**

- (1) If a person is liable to pay GST on the supply to which wages paid or payable to the person relate, the amount or value of those wages on which payroll tax is payable is the amount or value of the wages paid or payable to the person minus the relevant proportion of the amount of GST payable by the person on the supply to which the wages relate.
- (2) Subsection (1) does not apply in respect of the value of wages comprising a fringe benefit.
- (3) In this section—

*consideration* has the same meaning as in the A New Tax System (Goods and Services Tax) Act 1999 of the Commonwealth;

*relevant proportion*, in relation to GST payable on a supply to which wages relate, means the proportion that the amount or value of the wages bears to the consideration for the supply to which the wages relate.

#### **45 Wages paid by group employers**

A reference in this Act to wages paid or payable by a member of a group includes wages that would be taken to be paid or payable by a member of a group if the member were the employer of the employee to whom the wages were paid.

#### **46 Wages paid by or to third parties**

- (1) If any of the following amounts of money or other valuable consideration would, if paid or given or to be paid or given directly by an employer to an employee, be or be included as wages paid or

---

payable by the employer to the employee for the purposes of this Act, they are taken to be wages paid or payable by the employer to the employee—

- (a) any money or other valuable consideration paid or given, or to be paid or given, to an employee, for the employee's services as an employee of an employer, by a person other than the employer;
  - (b) any money or other valuable consideration paid or given, or to be paid or given, by an employer, for an employee's services as the employee of the employer, to a person other than the employee;
  - (c) any money or other valuable consideration paid or given, or to be paid or given, by a person other than an employer, for an employee's services as an employee of the employer, to a person other than the employee.
- (2) If any of the following amounts of money or other valuable consideration would, if paid or given or to be paid or given directly by a company to a director of the company, be or be included as wages paid or payable by the company to the director for the purposes of this Act, they are taken to be wages paid or payable by the company to the director—
- (a) any money or other valuable consideration paid or given, or to be paid or given, to a director of a company, by way of remuneration for the appointment or services of the director to the company, by a person other than the company;

- 
- (b) any money or other valuable consideration paid or given, or to be paid or given, by a company, by way of remuneration for the appointment or services of the director to the company, to a person other than the director;
  - (c) any money or other valuable consideration paid or given, or to be paid or given, by any person, by way of remuneration for the appointment or services of a director to the company, to a person other than the director.
- (3) In this section, *director* of a company includes—
- (a) a person who, under a contract or other arrangement, is to be appointed as a director of the company; and
  - (b) a former director of the company.

**47 Agreement etc. to reduce or avoid liability to payroll tax**

- (1) If any person enters into any agreement, transaction or arrangement, whether in writing or otherwise, under which a natural person performs, for or on behalf of another person, services in respect of which any payment is made to some other person related or connected to the natural person performing the services and the effect of the agreement, transaction or arrangement is to reduce or avoid the liability of any person to the assessment, imposition or payment of payroll tax, the Commissioner may—
- (a) disregard the agreement, transaction or arrangement; and
  - (b) determine that any party to the agreement, transaction or arrangement is taken to be an employer for the purposes of this Act; and

- 
- (c) determine that any payment made in respect of the agreement, transaction or arrangement is taken to be wages for the purposes of this Act.
- (2) If the Commissioner makes a determination under subsection (1), the Commissioner must serve a notice to that effect on the person taken to be an employer for the purposes of this Act.
- (3) The notice must set out the facts on which the Commissioner relies and the reasons for the determination.
- (4) This section has effect in relation to agreements, transactions and arrangements made before, on or after the commencement of this section.
-

**PART 4—EXEMPTIONS**

**Division 1—Non-profit organisations**

**48 Non-profit organisations**

S. 48(1)  
amended by  
No. 31/2008  
s. 20,  
substituted by  
No. 69/2011  
s. 3(1).

- (1) Wages are exempt wages if the Commissioner is satisfied that the wages are paid or payable—
- (a) by any of the following—
- (i) a religious institution; or
  - (ii) a public benevolent institution (but not including an instrumentality of the State); or
  - (iii) a non-profit organisation having as its whole or dominant purpose a charitable, benevolent, philanthropic or patriotic purpose (but not including a school, an educational institution, an educational company or an instrumentality of the State); and
- (b) to a person engaged exclusively in work of a religious, charitable, benevolent, philanthropic or patriotic nature for the institution or non-profit organisation.

S. 48(2)  
repealed by  
No. 69/2011  
s. 3(1).

\* \* \* \* \*

S. 48(3)  
amended by  
No. 69/2011  
s. 3(2).

- (3) For the purposes of subsection (1)(a)(iii), an *educational company* is a company—
- (a) in which an educational institution has a controlling interest; and
  - (b) that provides, promotes or supports the educational services of that institution.

- 
- (4) For the purposes of subsection (3), an educational institution has a ***controlling interest*** in an educational company if—
- (a) members of the board of management of the company who are entitled to exercise a majority in voting power at meetings of the board of management are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the educational institution; or
  - (b) the educational institution may (whether directly or indirectly) exercise, control the exercise of, or substantially influence the exercise of, more than 50% of the voting power attached to voting shares, or any class of voting shares, issued by the company; or
  - (c) the educational institution has power to appoint more than 50% of the members of the board of management of the company.

- (5) In this section—

***educational institution*** means an entity that provides education above secondary level.

## **Division 2—Education and training**

### **49 Schools and educational services and training**

Wages are exempt wages as provided for in Division 1 of Part 3 of Schedule 2.

### **50 Community Development Employment Project**

- (1) Wages are exempt wages if they are paid or payable to an Aboriginal person who is employed under an employment project.
- (2) An ***employment project*** is an employment project under the Community Development Employment Project funded by the Department of Employment

---

and Workplace Relations of the Commonwealth  
or the Torres Strait Regional Authority.

**Division 3—Health care service providers**

**51 Health care service providers**

- (1) Subject to subsection (2), wages paid or payable by a health care service provider are exempt wages.
- (2) The wages must be paid or payable—
  - (a) for work of a kind ordinarily performed in connection with the conduct of a health care service provider; and
  - (b) to a person engaged exclusively in that kind of work.
- (3) For the purposes of this section, *health care service provider* has the meaning given in Division 2 of Part 3 of Schedule 2.

**52 Division not to limit other exemptions**

- (1) Nothing in this Division limits the application of any other Division of this Part.
- (2) For example, if a health care service provider is also a non-profit organisation, the exemption for non-profit organisations referred to in section 48 may still apply.

**Division 4—Maternity and adoption leave**

**53 Maternity and adoption leave**

- (1) Wages are exempt wages if they are paid or payable to an employee in respect of—
  - (a) maternity leave, being leave given to a female employee in connection with her pregnancy or the birth of her child (other than sick leave, recreation leave, annual leave or any similar leave); or



- (b) adoption leave, being leave given to an employee in connection with the adoption of a child by him or her (other than sick leave, recreation leave, annual leave or any similar leave).
- (2) It is immaterial whether the leave is taken during or after the pregnancy or before or after the adoption.
- (3) The exemption is limited to wages paid or payable in respect of a maximum of 14 weeks maternity leave in respect of any one pregnancy and 14 weeks adoption leave in respect of any one adoption.
- (4) In subsection (3)—
  - (a) a reference to 14 weeks maternity leave or 14 weeks adoption leave includes a reference to an equivalent period of leave at a reduced rate of pay; and
  - (b) a reference to wages paid or payable in respect of a period of leave is a reference to the total wages that would normally have been paid or payable for that period of leave.

S. 53(4)  
substituted by  
No. 69/2011  
s. 4.

**Example**

For a part-time employee, the exemption may apply to wages paid or payable for maternity leave or adoption leave that extends to 28 weeks at half of the part-time rate of pay that would normally apply to the employee.

- (5) The exemption does not apply to any part of wages paid or payable in respect of maternity or adoption leave that comprises fringe benefits.

#### **54 Administrative requirements for exemption**

- (1) An employer wishing to claim an exemption under section 53 in respect of maternity leave must obtain and keep a medical certificate in respect of, or statutory declaration by, the employee—
  - (a) stating that the employee is or was pregnant; or
  - (b) stating that the employee has given birth and the date of birth.
- (2) An employer wishing to claim an exemption under section 53 in respect of adoption leave must obtain and keep a statutory declaration by the employee stating—
  - (a) that a child has been placed in the custody of the employee pending the making of an adoption order; or
  - (b) that an adoption order has been made or recognised in favour of the employee.

**Note**

Section 55 of the **Taxation Administration Act 1997** requires these records to be kept for at least 5 years unless the Commissioner of State Revenue authorises earlier destruction.

### **Division 5—Volunteer firefighters and emergency service volunteers**

#### **55 Volunteer firefighters**

Subject to section 57, wages are exempt wages if they are paid or payable to an employee in respect of any period when he or she was taking part in bushfire fighting activities as a volunteer officer or member of a brigade within the meaning of the **Country Fire Authority Act 1958**.

---

## 56 Emergency service volunteers

Subject to section 57, wages are exempt wages if they are paid or payable to an employee in respect of any period when he or she was engaging in emergency activities within the meaning of the **Emergency Management Act 1986** as a volunteer emergency worker within the meaning of that Act.

## 57 Limitation of exemption

An exemption under this Division does not apply to wages paid or payable as recreation leave, annual leave, long service leave or sick leave.

### Division 6—Local government

## 58 Municipal councils

Subject to section 60, wages are exempt wages if they are paid or payable by—

- (a) a municipal council; or
- (b) a union or partnership of which all the members are municipal councils.

## 59 Local government business entities

- (1) Subject to section 60, wages are exempt wages if they are paid or payable—
  - (a) by a wholly-owned subsidiary (within the meaning of the Corporations Act) of a municipal council; and
  - (b) to a person for or in connection with an activity that is conducted for the council under a written arrangement between the subsidiary and the council.
- (2) The written arrangement referred to in subsection (1)(b) must include a provision for the payment by the subsidiary to the council of an amount approximately equivalent to the amount of tax that

would be payable by the subsidiary under this Act but for the exemption.

## **60 Limitation on local government exemptions**

- (1) An exemption under this Division does not apply to wages paid or payable for or in connection with—
  - (a) any of the activities referred to in subsection (2); or
  - (b) the construction of any buildings or works, or the installation of plant, machinery or equipment for use in any of the activities referred to in subsection (2).
- (2) Subsection (1) applies to the following activities—
  - (a) the supply of electricity or gas;
  - (b) water supply;
  - (c) sewerage;
  - (d) the conduct of—
    - (i) abattoirs;
    - (ii) public markets;
    - (iii) parking stations;
    - (iv) cemeteries or crematoria;
    - (v) hostels;
    - (vi) an activity prescribed by the regulations;
  - (e) an activity specified in Schedule 2.

## **Division 7—Other government and defence**

### **61 State Governors**

Wages paid or payable by the Governor of a State are exempt wages.

---

**62 Defence personnel**

Wages are exempt wages if they are paid or payable to an employee in respect of any period when he or she was on leave from employment because of being a member of—

- (a) the Defence Force of the Commonwealth; or
- (b) the armed forces of any part of the Commonwealth of Nations.

**63 War Graves Commission**

Wages paid or payable by the Commonwealth War Graves Commission are exempt wages.

**Division 8—Foreign government representatives and international agencies**

**64 Consular and non-diplomatic representatives**

Wages paid or payable to members of his or her official staff by a consular or other representative of any country in Australia (other than a diplomatic representative) are exempt wages.

**65 Trade commissioners**

Wages paid or payable to members of his or her official staff by a Trade Commissioner representing any other part of the Commonwealth of Nations in Australia are exempt wages.

**66 Australian–American Fulbright Commission**

Wages paid or payable by the Australian–American Fulbright Commission are exempt wages.

s. 66A

Pt 4 Div. 9  
(Heading and  
s. 66A)  
inserted by  
No. 83/2009  
s. 21.

---

## Division 9—Services outside Australia

S. 66A  
inserted by  
No. 83/2009  
s. 21.

### **66A Wages paid or payable for or in relation to services performed in other countries**

Wages are exempt wages if they are paid or payable for or in relation to services performed by an employee wholly in one or more other countries for a continuous period of more than 6 months beginning on the day on which wages were first paid or payable to that employee for the services so performed.

---

---

## PART 5—GROUPING OF EMPLOYERS

### Division 1—Interpretation

#### 67 Definitions

In this Part—

*business* includes—

- (a) a profession or trade; and
- (b) any other activity carried on for fee, gain or reward; and
- (c) the activity of employing one or more persons who perform duties for or in connection with another business; and
- (d) the carrying on of a trust (including a dormant trust); and
- (e) the activity of holding any money or property used for or in connection with another business—

whether carried on by 1 person or 2 or more persons together;

*group* means a group constituted under this Part, but does not include any member of the group in respect of whom a determination under Division 4 is in force.

#### 68 Grouping provisions to operate independently

The fact that a person is not a member of a group constituted under a provision of this Part does not prevent that person from being a member of a group constituted under another provision of this Part.

---

## Division 2—Business groups

### 69 Constitution of groups

A *group* is constituted by all the persons or bodies forming a group that is not a part of any larger group.

### 70 Groups of corporations

- (1) Corporations constitute a group if they are related bodies corporate within the meaning of the Corporations Act.

S. 70(2)  
repealed by  
No. 31/2008  
s. 21(a).

\* \* \* \* \*

Note to s. 70  
repealed by  
No. 31/2008  
s. 21(b).

\* \* \* \* \*

### 71 Groups arising from the use of common employees

- (1) If one or more employees of an employer perform duties for or in connection with one or more businesses carried on by the employer and one or more other persons, the employer and each of those other persons constitute a group.
- (2) If one or more employees of an employer are employed solely or mainly to perform duties for or in connection with one or more businesses carried on by one or more other persons, the employer and each of those other persons constitute a group.
- (3) If one or more employees of an employer perform duties for or in connection with one or more businesses carried on by one or more other persons, being duties performed in connection with, or in fulfilment of the employer's obligation under, an agreement, arrangement or undertaking



---

for the provision of services to any one or more of those other persons in connection with that business or those businesses, the employer and each of those other persons constitute a group.

- (4) Subsection (3) applies to an agreement, arrangement or undertaking—
- (a) whether the agreement, arrangement or undertaking is formal or informal, express or implied; and
  - (b) whether or not the agreement, arrangement or undertaking provides for duties to be performed by the employees or specifies the duties to be performed by them.

**Note**

Section 79 (Exclusion of persons from groups) allows the Commissioner, for payroll tax purposes, to exclude persons from a group constituted under this section in certain circumstances.

**72 Groups of commonly controlled businesses**

- (1) If a person or set of persons has a controlling interest in each of 2 businesses, the persons who carry on those businesses constitute a group.

**Note**

Section 79 (Exclusion of persons from groups) allows the Commissioner, for payroll tax purposes, to exclude persons from a group constituted under this section in certain circumstances.

- (2) For the purposes of this section, a person or set of persons has a controlling interest in a business if—
- (a) in the case of 1 person—the person is the sole owner (whether or not as trustee) of the business; or

- 
- (b) in the case of a set of persons—the persons are together as trustees the sole owners of the business; or
  - (c) in the case of a business carried on by a corporation—
    - (i) the person or each of the set of persons is a director of the corporation and the person or set of persons is entitled to exercise more than 50% of the voting power at meetings of the directors of the corporation; or
    - (ii) a director or set of directors of the corporation that is entitled to exercise more than 50% of the voting power at meetings of the directors of the corporation is under an obligation, whether formal or informal, to act in accordance with the direction, instructions or wishes of that person or set of persons; or
  - (d) in the case of a business carried on by a body corporate or unincorporate—that person or set of persons constitute more than 50% of the board of management (by whatever name called) of the body or control the composition of that board; or
  - (e) in the case of a business carried on by a corporation that has a share capital—that person or set of persons can, directly or indirectly, exercise, control the exercise of, or substantially influence the exercise of, more than 50% of the voting power attached to the voting shares, or any class of voting shares, issued by the corporation; or

- 
- (f) in the case of a business carried on by a partnership—that person or set of persons—
- (i) own (whether beneficially or not) more than 50% of the capital of the partnership; or
  - (ii) is entitled (whether beneficially or not) to more than 50% of the profits of the partnership; or
- (g) in the case of a business carried on under a trust—the person or set of persons (whether or not as a trustee of, or beneficiary under, another trust) is the beneficiary in respect of more than 50% of the value of the interests in the first-mentioned trust.
- (3) If—
- (a) 2 corporations are related bodies corporate within the meaning of the Corporations Act; and
  - (b) 1 of the corporations has a controlling interest in a business—
- the other corporation has a controlling interest in the business.
- (4) If—
- (a) a person or set of persons has a controlling interest in a business; and
  - (b) a person or set of persons who carry on the business has a controlling interest in another business—
- the person or set of persons referred to in paragraph (a) has a controlling interest in that other business.

(5) If—

- (a) a person or set of persons is the beneficiary of a trust in respect of more than 50% of the value of the interests in the trust; and
- (b) the trustee of the trust (whether alone or together with another trustee or trustees) has a controlling interest in the business of another trust—

the person or set of persons has a controlling interest in the business.

(6) A person who may benefit from a discretionary trust as a result of the trustee or another person, or the trustee and another person, exercising or failing to exercise a power or discretion, is taken, for the purposes of this Part, to be a beneficiary in respect of more than 50% of the value of the interests in the trust.

(7) If—

- (a) a person or set of persons has a controlling interest in the business of a trust; and
- (b) the trustee of the trust (whether alone or together with another trustee or trustees) has a controlling interest in the business of a corporation—

the person or set of persons is taken to have a controlling interest in the business of the corporation.

(8) If—

- (a) a person or set of persons has a controlling interest in the business of a trust; and

- (b) the trustee of the trust (whether alone or together with another trustee or trustees) has a controlling interest in the business of a partnership—

the person or set of persons is taken to have a controlling interest in the business of the partnership.

### **73 Groups arising from tracing of interests in corporations**

- (1) An entity and a corporation form part of a group if the entity has a controlling interest in the corporation.

#### **Note**

Section 79 (Exclusion of persons from groups) allows the Commissioner, for payroll tax purposes, to exclude persons from a group constituted under this section in certain circumstances.

- (2) For the purposes of this section, an entity has a **controlling interest** in a corporation if the corporation has share capital and—
- (a) the entity has a direct interest in the corporation and the value of that direct interest exceeds 50%; or
  - (b) the entity has an indirect interest in the corporation and the value of that indirect interest exceeds 50%; or
  - (c) the entity has an aggregate interest in the corporation and the value of the aggregate interest exceeds 50%.
- (3) Division 3 applies for the purposes of the interpretation of this section.

#### **Note**

Division 3 sets out the manner for determining whether an entity has a direct interest, indirect interest or aggregate interest in a corporation, and the value of such an interest.

(4) In this section—

**associated person** means a person who is associated with another person in accordance with any of the following provisions—

- (a) persons are associated persons if they are related persons;
- (b) natural persons are associated persons if they are partners in a partnership;
- (c) private companies are associated persons if common shareholders have a majority interest in each private company;
- (d) trustees are associated persons if any person is a beneficiary common to the trusts (not including a public unit trust scheme) of which they are trustees;
- (e) a private company and a trustee are associated persons if a related body corporate of the company (within the meaning of the Corporations Act) is a beneficiary of the trust (not including a public unit trust scheme) of which the trustee is a trustee;

S. 73(4) def. of **domestic partner** substituted by No. 12/2008 s. 73(1)(Sch. 1 item 45.1), amended by No. 4/2009 s. 37(Sch. 1 item 19.1).

**domestic partner** of a person means—

- (a) a person who is in a registered domestic relationship with the person; or
- (b) a person to whom the person is not married but with whom the person is living as a couple on a genuine domestic basis (irrespective of gender);

**entity** means—

- (a) a person; or
- (b) 2 or more persons who are associated persons (as defined in this section);

***private company*** means a company that is not limited by shares, or whose shares are not quoted on the ASX or any exchange of the World Federation of Exchanges;

S. 73(4) def. of *private company* amended by Nos 29/2011 s. 3(Sch. 1 item 66.1), 28/2011 s. 39.

***related person*** means a person who is related to another person in accordance with any of the following provisions—

- (a) natural persons are related persons if—
  - (i) one is the spouse or domestic partner of the other; or
  - (ii) the relationship between them is that of parent and child, brothers, sisters, or brother and sister;
- (b) private companies are related persons if they are related bodies corporate within the meaning of the Corporations Act;
- (c) a natural person and a private company are related persons if the natural person is a majority shareholder or director of the company or of another private company that is a related body corporate of the company within the meaning of the Corporations Act;
- (d) a natural person and a trustee are related persons if the natural person is a beneficiary of the trust (not being a public unit trust scheme) of which the trustee is a trustee;
- (e) a private company and a trustee are related persons if the company, or a majority shareholder or director of the company, is a beneficiary of the trust

(not being a public unit trust scheme) of which the trustee is a trustee.

S. 73(5) substituted by No. 12/2008 s. 73(1)(Sch. 1 item 45.2).

(5) For the purposes of the definition of *domestic partner* in subsection (4)—

S. 73(5)(a) amended by No. 4/2009 s. 37(Sch. 1 item 19.2(a)).

(a) *registered domestic relationship* has the same meaning as in the **Relationships Act 2008**; and

S. 73(5)(b) amended by No. 4/2009 s. 37(Sch. 1 item 19.2(b)).

(b) in determining whether persons who are not in a registered domestic relationship are domestic partners of each other, all the circumstances of their relationship are to be taken into account, including any one or more of the matters referred to in section 35(2) of the **Relationships Act 2008** as may be relevant in a particular case.

S. 74 substituted by No. 31/2008 s. 22.

#### 74 Smaller groups subsumed by larger groups

- (1) If a person is a member of 2 or more groups, the members of all the groups together constitute a group.
- (2) If 2 or more members of a group have together a controlling interest in a business (within the meaning of section 72), all the members of the group and the person or persons who carry on the business together constitute a group.

#### Note

Section 79 (Exclusion of persons from groups) allows the Commissioner, for payroll tax purposes, to exclude persons from a group constituted under this section in certain circumstances.



---

**Division 3—Business groups—tracing of interests in corporations**

**75 Application**

This Division applies for the purposes of section 73 (Groups arising from tracing of interests in corporations).

**76 Direct interest**

- (1) An entity has a *direct interest* in a corporation if—
  - (a) in the case of an entity that is a person—the person can, directly or indirectly, exercise, control the exercise of, or substantially influence the exercise of, the voting power attached to any voting shares issued by the corporation; or
  - (b) in the case of an entity that is 2 or more persons who are associated persons—each of the associated persons can, directly or indirectly, exercise, control the exercise of, or substantially influence the exercise of, the voting power attached to any voting shares issued by the corporation.
- (2) The value of the direct interest of the entity in the corporation is the proportion (expressed as a percentage) of the voting power of all voting shares issued by the corporation that—
  - (a) in the case of an entity that is a person—the person can directly or indirectly exercise, control the exercise of, or substantially influence the exercise of, as referred to in subsection (1); or
  - (b) in the case of an entity that is 2 or more persons who are associated persons—the associated persons can, if acting together, directly or indirectly exercise, control the

exercise of, or substantially influence the exercise of, as referred to in subsection (1).

### **77 Indirect interest**

- (1) An entity has an *indirect interest* in a corporation if the corporation is linked to another corporation (the *directly controlled corporation*) in which the entity has a direct interest.
- (2) A corporation is linked to a directly controlled corporation if the corporation is part of a chain of corporations—
  - (a) that starts with the directly controlled corporation; and
  - (b) in which a link in the chain is formed if a corporation has a direct interest in the next corporation in the chain.
- (3) The following are examples of how subsections (1) and (2) work (the examples are cumulative)—
  - (a) corporation A (a directly controlled corporation) has a direct interest in corporation B. Corporations A and B form part of a chain of corporations, and corporation B is linked to corporation A. Accordingly, an entity that has a direct interest in corporation A also has an indirect interest in corporation B;
  - (b) corporation B also has a direct interest in corporation C. In this case, corporations A, B and C form part of a chain of corporations. Both corporations B and C are linked to corporation A. The entity that has a direct interest in corporation A has an indirect interest in both corporations B and C;
  - (c) corporation B also has a direct interest in corporation D. There are now 2 chains of corporations, one consisting of A, B and C,

and one consisting of A, B and D. Corporations B, C and D are all linked to corporation A and an entity that has a direct interest in corporation A would have an indirect interest in corporations B, C and D. An entity that has a direct interest in corporation B would have an indirect interest in corporations C and D. However, an entity that has a direct interest in corporation C only would not have an indirect interest in corporation D, as corporation D is not linked to corporation C.

- (4) The value of the indirect interest of an entity in a corporation (an *indirectly controlled corporation*) that is linked to a directly controlled corporation is calculated by multiplying together the following—
- (a) the value of the direct interest of the entity in the directly controlled corporation;
  - (b) the value of each direct interest that forms a link in the chain of corporations by which the indirectly controlled corporation is linked to the directly controlled corporation.
- (5) The following are examples of how subsection (4) works (the examples are cumulative)—
- (a) an entity has a direct interest (with a value of 80%) in corporation A. Corporation A has a direct interest (with a value of 70%) in corporation B. The value of the indirect interest of the entity in corporation B is  $80\% \times 70\%$  (that is, 56%). Accordingly, in this example the entity has a controlling interest (within the meaning of section 73 (Groups arising from tracing of interests in corporations)) in corporation B;

- (b) corporation B also has a direct interest (with a value of 40%) in corporation C. The value of the indirect interest of the entity in corporation C is  $80\% \times 70\% \times 40\%$  (that is, 22.4%). Accordingly, in this example the entity does not have a controlling interest in corporation C.
- (6) It is possible for an entity to have more than one indirect interest in a corporation. This may occur if the corporation is linked to more than one corporation in which the entity has a direct interest, or if the corporation is linked to only one corporation in which the entity has a direct interest but is linked through more than one chain of corporations. In that case, the entity has an aggregate interest in the corporation (see section 78 (Aggregation of interests)).

### **78 Aggregation of interests**

- (1) An entity has an *aggregate interest* in a corporation if—
- (a) the entity has a direct interest and one or more indirect interests in the corporation; or
  - (b) the entity has more than one indirect interest in the corporation.
- (2) The value of the aggregate interest of an entity in a corporation is the sum of the following—
- (a) the value of the direct interest (if any) of the entity in the corporation;
  - (b) the value of each indirect interest of the entity in the corporation.

- (3) For example—
- (a) an entity has a direct interest (with a value of 40%) in corporation B;
  - (b) the entity also has a direct interest (with a value of 25%) in corporation A, which in turn has a direct interest (with a value of 60%) in corporation B. Accordingly, the entity also has an indirect interest in corporation B with a value of 15% (that is,  $25\% \times 60\%$ );
  - (c) the value of the entity's aggregate interest in corporation B is the sum of the direct interest (40%) and the indirect interest (15%), which is 55%;
  - (d) accordingly, in this example, the entity has a controlling interest in corporation B (within the meaning of section 73 (Groups arising from tracing of interests in corporations)).

#### **Division 4—Miscellaneous**

### **79 Exclusion of persons from groups**

- (1) The Commissioner may, by order in writing, determine that a person who would, but for the determination, be a member of a group is not a member of the group.
- (2) The Commissioner may only make such a determination if satisfied, having regard to the nature and degree of ownership and control of the businesses, the nature of the businesses and any other matters the Commissioner considers relevant, that a business carried on by the person, is carried on independently of, and is not connected with the carrying on of, a business carried on by any other member of that group.

- (3) The Commissioner cannot exclude a person from a group if the person is a body corporate that, by reason of section 50 of the Corporations Act, is related to another body corporate that is a member of that group.
- (4) This section extends to a group constituted by reason of section 74 (Smaller groups subsumed by larger groups).
- (5) A determination can be expressed to take effect on a date that is earlier than the date of the determination.
- (6) The Commissioner may by order in writing revoke a determination that applies in respect of a person if satisfied that the circumstances in which a determination may be made do not apply to the person.
- (7) The revocation of a determination can be expressed to take effect on a date that is earlier than the date of the determination.

### **80 Designated group employers**

- (1) The members of a group may, with the approval of the Commissioner, designate a qualified member of the group to be the designated group employer for the group for the purposes of this Act.
- (2) A member of a group is a qualified member if the member—
  - (a) has paid during the preceding financial year wages that exceeded \$550 000; or
  - (b) is likely to pay during the current financial year wages that are likely to exceed that amount.

- 
- (3) If none of the members of a group is a qualified member but the members together—
- (a) have paid during the preceding financial year wages that exceeded \$550 000; or
  - (b) are, in the opinion of the Commissioner, likely to pay during the current financial year wages that will exceed that amount—
- the members may, with the approval of the Commissioner, designate any member of the group to be the designated group employer for the group for the purposes of this Act.
- (4) If the members of a group do not designate a member as the designated group employer within 7 days after the end of the month in which the group is established, the Commissioner may (but is not obliged to) designate any member of the group as the designated group employer.
- (5) The designated group employer of a group stops being the designated group employer from and including the earlier of the following days—
- (a) the first day of a return period during which there is a change in the membership of the group;
  - (b) the first day of a return period during which the members of the group revoke the designation.
- (6) The designation of a designated group employer under subsection (1) or (3) must be by notice in writing.
- (7) Such a notice must—
- (a) be executed by or on behalf of each member of the group; and
  - (b) be served on the Commissioner.

---

## **81 Joint and several liability**

- (1) If a member of a group fails to pay an amount that the member is required to pay under this Act in respect of any period, every member of the group is liable jointly and severally to pay that amount to the Commissioner.
- (2) If 2 or more persons are jointly or severally liable to pay an amount under this section, the Commissioner may recover the whole of the amount from them, or any of them, or any one of them.
- (3) If, under this section, 2 or more persons are jointly and severally liable to pay an amount that is payable by any one of them, each person is also jointly and severally liable to pay—
  - (a) any amount payable to the Commissioner under this or any other Act in relation to that amount, including any interest and penalty tax; and
  - (b) any costs and expenses incurred in relation to the recovery of that amount that the Commissioner is entitled to recover from any such person.
- (4) A person who pays an amount in accordance with the liability imposed by this section has such rights of contribution or indemnity from the other person or persons as are just.
- (5) This section applies whether or not the person was an employer during the relevant period.



---

**PART 6—ADJUSTMENTS OF TAX**

**82 Determination of correct amount of payroll tax**

- (1) For the purposes of this Part, the *correct amount of payroll tax* payable by an employer in respect of a financial year is the amount determined in accordance with Schedule 1 in respect of that financial year.
- (2) This Part applies in respect of payroll tax paid or payable whether as a group employer or as an individual employer.
- (3) If an employer is liable for payroll tax both as an individual employer and as a group employer (for different periods in the same financial year) separate adjustments are to be made under this Part in respect of any period as a group employer and any period as an individual employer (and for that purpose separate determinations of the correct amount of payroll tax payable by the employer are to be made).
- (4) In this Part—

*group employer* means an employer who is a member of a group;

*individual employer* means an employer who is not a member of a group.

**83 Annual adjustment of payroll tax**

- (1) If the amount of payroll tax paid or payable by an employer when the employer made the returns relating to a financial year is greater than the correct amount of payroll tax payable by the employer in respect of the financial year, the Commissioner (on application by the employer) is to refund to that employer an amount equal to the difference.

**Note**

There is a time limit on these refund applications—see clause 22 of Schedule 2.

- (2) If the amount of payroll tax paid or payable by an employer when the employer made the returns relating to a financial year is less than the correct amount of payroll tax payable by the employer in respect of the financial year, the employer must pay to the Commissioner as payroll tax an amount equal to the difference.
- (3) Any amount payable by an employer under this section in respect of a financial year must be paid within the period during which the employer is required to lodge a return under this Act in respect of the return period that is or includes the month of June in that financial year.
- (4) The amount of any refund payable to an employer in respect of a financial year under this section is to be reduced by the amount of any other refund of payroll tax made in respect of that financial year to that employer (whether under this section or otherwise) before the time of the refund under this section.

**84 Adjustment of payroll tax when employer changes circumstances**

- (1) If an employer changes their circumstances during a financial year, the employer must, if the amount of payroll tax paid or payable by the employer when the employer made returns relating to the relevant period prior to the change of circumstances is less than the correct amount of payroll tax payable by the employer in respect of the financial year, pay to the Commissioner as payroll tax an amount equal to the difference.

- 
- (2) A *change of circumstances* occurs when the employer—
- (a) ceases to pay or be liable to pay taxable wages and interstate wages; or
  - (b) becomes a group employer (following a period as an individual employer); or
  - (c) ceases to be a group employer (and becomes an individual employer).
- (3) The *relevant period* prior to a change of circumstances is the period prior to the change (during the financial year concerned and since any prior change of circumstances) for which the employer paid or was liable to pay taxable wages or interstate wages.
- (4) In calculating for the purposes of this section the correct amount of payroll tax payable by the employer, it is to be assumed that the wages paid or payable by the employer during the relevant period are the only wages paid or payable by the employer during the financial year concerned.
- (5) Any amount payable by an employer under this section in respect of a relevant period must be paid within the period during which the employer is required to lodge a return under this Act relating to that relevant period or the last return under this Act relating to the relevant period.
- (6) Any payroll tax paid or payable by an employer under this section is to be included as payroll tax paid or payable by the employer for the purposes of the annual adjustment of payroll tax under this Part.

**Note**

If an employer ceases to be a group employer during a financial year an adjustment will be made under this section. If later in that financial year the employer ceases to pay wages there will be a further adjustment under this section.

The first adjustment will adjust payroll tax paid for the period as a group employer against the correct amount of tax that should have been paid (based on the assumption that the period as a group employer is the only period for which the employer paid wages throughout the year). The second adjustment will adjust payroll tax paid for the period as an individual employer against the correct amount of tax that should have been paid (based on the assumption that the period as an individual employer is the only period for which the employer paid wages throughout the year). Any amount of payroll tax paid under this section is taken into account for the purposes of the annual adjustment of payroll tax.

### **85 Special provision where wages fluctuate**

If a person who did not pay and was not liable to pay taxable wages or interstate wages for any part of a financial year satisfies the Commissioner that, by reason of the nature of the person's trade or business, the taxable wages and interstate wages, if any, paid or payable by the person fluctuate with different periods of the financial year, the Commissioner may determine that the person is to be treated for the purposes of this Part—

- (a) if the person has conducted that trade or business in Australia during the whole of the financial year—as an employer who pays or is liable to pay taxable wages throughout the financial year; or
- (b) if the person has conducted that trade or business in Australia during part only of the financial year—as an employer who pays or is liable to pay taxable wages throughout that last-mentioned part of the financial year.

#### **Note**

The effect of such a determination is that when the correct amount of payroll tax is calculated (for the purposes of a tax adjustment provided for by this Part) the employer may receive the benefit of the payroll tax threshold for the period for which the employer is to be treated as paying wages, and not just for the period for which the employer actually pays

Payroll Tax Act 2007  
No. 26 of 2007  
Part 6—Adjustments of Tax

s. 85

---

wages. Without such a determination, an employer may only receive the benefit of a proportion of the threshold amount that is equivalent to the proportion of the whole financial year for which the employer actually pays wages.

---

---

**PART 7—REGISTRATION AND RETURNS**

**86 Registration**

- (1) An employer who is not already registered must apply for registration as an employer under this Act if—
  - (a) during a month the employer pays or is liable to pay, anywhere, wages of more than \$10 576 per week that are wholly or partly taxable wages; or
  - (b) the employer is a member of a group the members of which together during a month pay or are liable to pay, anywhere, wages of more than \$9615 per week that are wholly or partly taxable wages.
- (2) The application for registration is to be made to the Commissioner in a form and manner approved by the Commissioner within 7 days after the end of the month concerned.
- (3) The Commissioner is to register the applicant as an employer under this Act.
- (4) The Commissioner may cancel the registration of a person as an employer if satisfied that the person has ceased to pay or to have a liability to pay wages as described in subsection (1).
- (5) If the Commissioner cancels the registration of a person as an employer in any financial year and that person subsequently pays or is liable to pay taxable wages during that financial year, the person may, despite the fact that the person is not required to apply for registration, apply to the Commissioner (in a form and manner approved by the Commissioner) for registration as an employer, and the Commissioner is then to register the person as an employer under this Act.

S. 86(1)(a)  
amended by  
No. 31/2008  
s. 23.

---

## 87 Returns

- (1) Every employer who is registered or required to apply for registration as an employer under this Act must—
  - (a) within 7 days after the end of each month except June, lodge with the Commissioner a return relating to that month; and
  - (b) within 21 days after the end of June in each year, lodge with the Commissioner a return relating to that month and to the adjustment of payroll tax paid or payable by the employer during the financial year ending on the close of that month.
- (2) The designated group employer for a group may, with the approval of the Commissioner, lodge a joint return for the purposes of this section covering specified members of the group (including the designated group employer).
- (3) If a joint return is lodged and the return would, if lodged by a single employer, comply with this section, each of the employers covered by the return is taken to have complied with this section.

---

**PART 8—COLLECTION AND RECOVERY OF TAX**

**Division 1—Agents and trustees generally**

**88 Application**

- (1) This Division applies to an agent of or trustee for an employer.
- (2) Nothing in this Division limits or otherwise affects the application of Part 5 to an agent or trustee, or 2 or more persons one or more of whom is an agent or trustee.

**89 Agents and trustees are answerable**

An agent or trustee is answerable as the employer for the doing of all things that are required to be done by or under this Act in respect of the payment of any wages which are subject to payroll tax under this Act.

**90 Returns by agent or trustee**

- (1) An agent or trustee must, in respect of the wages referred to in section 89, make the returns required under Part 7, but in a representative capacity only, and each return must, except as otherwise provided by this Act, be separate and distinct from any other.
- (2) In the case of an executor or administrator, the returns must be the same as far as practicable as the deceased person, if living, would have been liable to make.

**91 Liability to pay tax**

- (1) An agent or trustee is personally liable for tax on the wages referred to in section 89 if—
  - (a) after the Commissioner has required the agent or trustee to make a return; or



(b) while the tax remains unpaid—

the agent or trustee, except with the written permission of the Commissioner, disposes of or parts with any fund or money which comes to the agent or trustee from or out of which tax could legally be paid.

- (2) Otherwise than as provided in subsection (1), the agent or trustee is not personally liable to pay the tax in a representative capacity.
- (3) The agent or trustee must retain from time to time out of any money which comes to the agent or trustee in a representative capacity enough to pay the tax.
- (4) For the purpose of ensuring the payment of tax, the Commissioner has the same remedies against attachable property of any kind vested in or under the control or management or in the possession of the agent or trustee, as the Commissioner has against the property of any other person in respect of tax, and in as full and ample a manner.

## **92 Indemnity for agent or trustee**

- (1) An agent or trustee is indemnified for all payments that the agent or trustee makes under this Act or in accordance with the requirements of the Commissioner.
- (2) An agent or trustee who pays tax as agent or trustee may recover the amount paid from the person on whose behalf it was paid, or deduct it from any money in the agent's or trustee's hands belonging to that person.

---

**Division 2—Special cases**

**93 Tax not paid during lifetime**

- (1) This section applies if, whether intentionally or not, a person escapes full payment of tax in his or her lifetime by reason of not having duly made full, complete and accurate returns.
- (2) The Commissioner has the same powers and remedies against the trustees of the estate of the person in respect of the liability to which the person was subject as the Commissioner would have had against the person if the person were still living.
- (3) The trustees must lodge the returns under this Act that the Commissioner requires.
- (4) The trustees are subject to tax to the same extent as the deceased person would be subject to tax if he or she were still living, but the Commissioner, in any circumstances the Commissioner considers appropriate, may remit tax payable by the trustees under this section by any amount.
- (5) The amount of any tax payable by the trustees is a charge on all the deceased person's estate in their hands in priority to all other encumbrances.

**94 Payment of tax by executors or administrators**

- (1) If, at the time of an employer's death, he or she had not paid the whole of the tax payable up to the date of death, the Commissioner has the same powers and remedies for the assessment and recovery of tax from the executors and administrators as the Commissioner would have had against the employer, if the employer were alive.
- (2) The executors or administrators must lodge any of the returns referred to in Part 7 that have not been lodged by the deceased.

---

**95 Assessment if no probate within 6 months of death**

- (1) If, in respect of the estate of any deceased employer, probate has not been granted or letters of administration have not been taken out within 6 months after the death, the Commissioner may make an assessment under section 8 of the **Taxation Administration Act 1997** of the tax liability of the deceased under this Act.
- (2) The Commissioner must cause notice of the assessment to be published twice in a daily newspaper circulating in the State or Territory in which the deceased resided.
- (3) Any person claiming an interest in the estate of the deceased may, within 60 days after the first publication of notice of the assessment, lodge an objection with the Commissioner in accordance with Division 1 of Part 10 of the **Taxation Administration Act 1997**.
- (4) Subject to any amendment of the assessment by the Commissioner or by the Supreme Court, the assessment so made is conclusive evidence of the indebtedness of the deceased to the Commissioner.
- (5) However, if probate of the will or letters of administration of the estate of the deceased is or are granted to a person after the assessment is first published, that person may, within 60 days after the date of the grant, lodge an objection in accordance with Division 1 of Part 10 of the **Taxation Administration Act 1997**.

**96 Person in receipt or control of money for absentee**

- (1) This section applies to a person (the *controller*) who has the receipt, control or disposal of money belonging to a person resident out of Australia (the *principal*) if the principal is liable to pay tax under this Act.

- 
- (2) The controller must pay the tax payable by the principal at the time, or within the period, specified by the Commissioner.
  - (3) A controller who pays tax in accordance with subsection (2) may recover the amount paid from the principal or deduct it from any money in the controller's hands belonging to the principal.
  - (4) A controller must from time to time retain out of any money which comes to the controller on behalf of the principal so much as is sufficient to pay the tax which is or will become due by the principal.
  - (5) A controller is personally liable for the tax payable by the controller on behalf of the principal if—
    - (a) after the tax becomes payable; or
    - (b) after the Commissioner has required the controller to pay the tax—

the controller, except with the written permission of the Commissioner, disposes of or parts with any fund or money then in the controller's possession, or which comes to the controller from or out of which the tax could legally be paid.
  - (6) Otherwise than as provided in subsection (5), a controller is not personally liable to pay the tax payable by the principal.
  - (7) A controller is indemnified for all payments which the controller makes under this Act or in accordance with the requirements of the Commissioner.

### **97 Agent for absentee principal winding-up business**

- (1) If an agent for an absentee principal has been required by the principal to wind-up the principal's business, the agent must notify the Commissioner of the intention to wind-up the business before taking any steps to wind it up.

Penalty: 5 penalty units.

- (2) After receiving notice under subsection (1), the Commissioner may notify the agent in writing of—
- (a) the amount (if any) of payroll tax for which the principal is liable; and
  - (b) the date (at least 21 days after the notice is given) by which the tax must be paid.
- (3) An agent who is given notice under subsection (2) must—
- (a) set aside an amount out of the assets of the principal's business that is sufficient to pay the tax; and
  - (b) pay the tax to the Commissioner by the date specified in the notice.

Penalty: 5 penalty units.

- (4) If an agent contravenes this section, the agent is personally liable for any tax that becomes payable in respect of the principal's business.

#### **Note**

Section 130A of the **Taxation Administration Act 1997** applies to an offence against subsection (1) or (3).

**Note to s. 97  
inserted by  
No. 13/2013  
s. 57(1).**

### **98 Recovery of tax paid on behalf of another person**

A person who, under the provisions of this Act, pays any tax for or on behalf of another person is entitled to recover the amount so paid from the other person as a debt, together with the costs of

recovery, or to retain or deduct that amount out of any money in the person's hands belonging or payable to the other person.

**99 Liquidator to give notice**

- (1) Within 14 days after becoming liquidator of a company that has been an employer registered or required to be registered under this Act, the liquidator must give the Commissioner notice in writing of the liquidator's appointment.
- (2) As soon as practicable after receiving the notice, the Commissioner must notify the liquidator of the amount that appears to the Commissioner to be sufficient to provide for any tax which is or will become payable by the company.
- (3) The liquidator—
  - (a) must not without leave of the Commissioner part with any of the assets of the company until the liquidator has been so notified; and
  - (b) must set aside out of the assets available for the payment of the tax, assets to the value of the amount so notified, or the whole of the assets so available if they are of less than that value; and
  - (c) is, to the extent of the value of the assets which the liquidator is so required to set aside, liable as trustee to pay the tax.
- (4) A liquidator must not fail—
  - (a) to comply with this section; or
  - (b) as trustee duly to pay the tax for which the liquidator is liable under subsection (3).

Penalty: 50 penalty units.

- (5) If a liquidator commits an offence against subsection (4), the liquidator is personally liable to pay the tax, to the extent of the value of the

---

assets of which the liquidator has taken possession and which are, or were at any time, available to the liquidator for the payment of the tax.

- (6) If more than one person is appointed as liquidator or required by law to carry out the winding-up of a company—
- (a) the obligations and liabilities attaching to a liquidator under this section attach to each of those persons; and
  - (b) if any one of those persons has paid the tax due in respect of the company being wound-up, the others are each liable to pay that person that person's equal share of the amount of the tax so paid.
- (7) Despite anything in this section, all costs, charges and expenses that, in the Commissioner's opinion, have been properly incurred by a liquidator in the winding-up of a company, including the remuneration of the liquidator, may be paid out of the assets of the company in priority to any tax payable in respect of the company.
- (8) Nothing in this section—
- (a) limits the liability of a liquidator under section 91; or
  - (b) affects any of the provisions of the Corporations Act.
-

---

**PART 9—GENERAL**

**100 Provisions specific to this jurisdiction**

Schedule 2, which contains provisions that are applicable only to this jurisdiction, has effect.

**Note**

As stated in section 1(b), one of the purposes of this Act is to harmonise payroll tax law with New South Wales. However, there are some provisions of payroll tax law which are specific to this jurisdiction, and these are set out in Schedule 2.

**101 Regulations**

- (1) The Governor in Council may make regulations for or with respect to the following—
  - (a) the manner of making any application to the Commissioner under this Act;
  - (b) the evidence that the Commissioner may require for the purpose of determining whether or not—
    - (i) an employer was an employer for part only of a financial year; or
    - (ii) a person was a member of a group at any time or during any period;
  - (c) the signing of returns, applications, notices, statements or forms by or on behalf of employers and deeming any return, application, notice, statement or form signed on behalf of an employer to have been signed by the employer;
  - (d) the authentication of any certificate, notice or other document issued for the purpose of this Act or any regulation;



- 
- (e) prescribing any matter which or thing required or permitted by this Act to be prescribed or necessary or convenient to be prescribed to give effect to this Act.
- (2) The regulations—
- (a) may differ according to differences in time, place or circumstances; and
  - (b) may impose penalties not exceeding 25 penalty units for a contravention of the regulations.
-

Payroll Tax Act 2007  
No. 26 of 2007

Part 10—Repeals, Amendments and Transitional Provisions

s. 117

---

**PART 10—REPEALS, AMENDMENTS AND TRANSITIONAL PROVISIONS**

Pt 10 Divs 1–4  
(Headings  
and ss 102–  
116)  
repealed by  
No. 29/2011  
s. 3(Sch. 1  
item 66.2).

\* \* \* \* \*

**Division 5—Transitional provisions**

**117 Transitional provisions**

Schedule 3, which contains transitional provisions, has effect.

## SCHEDULES

### SCHEDULE 1

Sections 8, 29(5), 82

#### CALCULATION OF PAYROLL TAX LIABILITY

##### PART 1—INTERPRETATION

#### 1 Definitions

In this Schedule—

*financial year* means the financial year commencing on 1 July 2007 or on 1 July in any subsequent financial year;

*FY* is the number of days in the financial year;

Sch. 1 cl. 1  
def. of  
*FY*  
inserted by  
No. 31/2008  
s. 24(a).

*R* is—

- (a) for the financial year commencing on 1 July 2007—5.05%;
- (b) for the financial year commencing on 1 July 2008 or 1 July 2009—4.95%;
- (c) for the financial year commencing on 1 July 2010, 2011, 2012 or 2013—4.90%;
- (d) for the financial year commencing on 1 July 2014 or any subsequent financial year—4.85%;

Sch. 1 cl. 1  
def. of  
*R*  
amended by  
Nos 31/2008  
s. 25(a),  
36/2010  
s. 13(1),  
40/2014  
s. 29(1).

*relevant financial year* means the financial year to which the calculation of the relevant payroll tax relates;

*TA* or *threshold amount* is \$550 000.

---

**PART 2—EMPLOYERS WHO ARE NOT MEMBERS OF A GROUP**

**2 Application of Part**

This Part applies only to an employer who is not a member of a group.

**3 Definitions**

In this Part—

*C* is the number of days in the relevant financial year in respect of which the employer paid or was liable to pay taxable wages or interstate wages (otherwise than as a member of a group);

*IW* represents the total interstate wages paid or payable by the employer concerned (otherwise than as a member of a group) during the relevant financial year;

*TW* represents the total taxable wages paid or payable by the employer concerned (otherwise than as a member of a group) during the relevant financial year.

**4 Payroll of employer not more than threshold**

An employer is not liable to pay payroll tax for a financial year if the total taxable wages and interstate wages paid or payable by the employer (otherwise than as a member of a group) during that year is not more than the *employer's threshold amount*, being the amount calculated in accordance with the following formula—

$$TA \times \frac{C}{FY}$$

Sch. 1 cl. 4  
(Heading)  
amended by  
No. 31/2008  
s. 27.  
Sch. 1 cl. 4  
amended by  
No. 31/2008  
s. 24(b).

---

**5 Payroll of employer over threshold**

If the total taxable wages and interstate wages paid or payable by an employer (otherwise than as a member of a group) during a financial year is more than the employer's threshold amount, the employer is liable to pay as payroll tax for that year the amount of dollars calculated in accordance with the following formula—

Sch. 1 cl. 5  
amended by  
No. 31/2008  
s. 24(b).

$$\left[ TW - \left[ \frac{TW}{TW + IW} \times TA \times \frac{C}{FY} \right] \right] \times R$$

---

---

**PART 3—GROUPS WITH A DESIGNATED GROUP  
EMPLOYER**

**6 Application of Part**

This Part applies only to an employer who is a member of a group for which there is a designated group employer.

**7 Definitions**

In this Part—

*C* is the number of days in the relevant financial year in respect of which at least one member of the group paid or was liable to pay (as a member of the group) taxable wages or interstate wages;

*GIW* represents the total interstate wages paid or payable by the group concerned during the relevant financial year;

*GTW* represents the total taxable wages paid or payable by the group concerned during the relevant financial year;

*TW* represents the total taxable wages paid or payable by the employer concerned (as a member of the group) during the relevant financial year.

**8 Payroll of group not more than threshold**

None of the members of a group is liable to pay payroll tax for the financial year if the total taxable wages and interstate wages paid or payable by the group during that year is not more than the *group threshold amount*, being the amount calculated in accordance with the following formula—

$$TA \times \frac{C}{FY}$$

Sch. 1 cl. 8  
(Heading)  
amended by  
No. 31/2008  
s. 27.

Sch. 1 cl. 8  
amended by  
No. 31/2008  
s. 24(b).

## 9 Payroll of group over threshold

- (1) If the total taxable wages and interstate wages paid or payable by a group during the financial year is more than the group threshold amount, payroll tax is payable as provided by subclauses (2) and (3).
- (2) The designated group employer for the group is liable to pay as payroll tax for the financial year the amount of dollars calculated in accordance with the following formula—

Sch. 1 cl. 9(2)  
amended by  
No. 31/2008  
s. 24(b).

$$\left[ TW - \left[ \frac{GTW}{GTW + GIW} \times TA \times \frac{C}{FY} \right] \right] \times R$$

- (3) Each member of the group (other than that designated group employer) is liable to pay as payroll tax for the financial year the amount of dollars calculated in accordance with the following formula—

$$TW \times R$$

---

**PART 4—GROUPS WITH NO DESIGNATED GROUP  
EMPLOYER**

**10 Application of Part**

This Part applies only to an employer who is a member of a group for which there is no designated group employer.

**11 Definition**

In this Part—

*TW* represents the total taxable wages paid or payable by the employer concerned (as a member of the group) during the relevant financial year.

**12 Calculation of payroll tax**

Each member of the group is liable to pay as payroll tax for the financial year the amount of dollars calculated in accordance with the following formula—

$$TW \times R$$

---



---

**PART 5—MOTOR VEHICLE ALLOWANCES**

**13 Continuous recording method**

If an employer selects the continuous recording method for the purposes of determining the number of business kilometres travelled during the financial year, the following details are required to be recorded by the employer—

- (a) the odometer readings at the beginning and end of each business journey undertaken by the person during a financial year by means of a motor vehicle provided or maintained by the person;
- (b) the specific purpose for which each such business journey was taken;
- (c) the distance travelled by the person during the financial year in the course of all such business journeys (which is taken to be the *number of business kilometres travelled during the financial year*), calculated on the basis of the odometer readings referred to in paragraph (a).

**14 Averaging method**

(1) If an employer selects the averaging method for the purposes of determining the number of business kilometres travelled during the financial year, the following details are required to be recorded by the employer—

- (a) the odometer readings at the beginning and end of each business journey undertaken by the person during the relevant 12-week period by means of a motor vehicle provided or maintained by the person;

**Note**

Clause 15 defines the relevant 12-week period.

Sch. 1

- 
- (b) the specific purpose for which each such business journey was taken;
  - (c) the distance travelled by the person during the relevant 12-week period in the course of all such business journeys, calculated on the basis of the odometer readings referred to in paragraph (a);
  - (d) the odometer readings at the beginning and end of the relevant 12-week period for each motor vehicle provided or maintained by the person for the purpose of undertaking business journeys;
  - (e) the distance travelled by each such vehicle during the relevant 12-week period, calculated on the basis of the odometer readings referred to in paragraph (d);
  - (f) the distance travelled by the person in the course of business journeys undertaken by means of each such vehicle during the relevant 12-week period, calculated as a percentage of the distance travelled by that vehicle during that period (the *relevant percentage*);
  - (g) the odometer readings at the beginning and end of the financial year for each vehicle provided or maintained by the person for the purpose of undertaking business journeys;
  - (h) the distance travelled by each such vehicle during the financial year, calculated on the basis of the odometer readings referred to in paragraph (g);
  - (i) the distance travelled by the person in the course of business journeys undertaken by means of each such vehicle during the financial year (which is taken to be the *number of business kilometres travelled*).

- 
- during the financial year*), calculated on the basis that the percentage of that distance that was travelled by the person in the course of business journeys undertaken by means of each such vehicle during the financial year is the same as the relevant percentage.
- (2) For the next succeeding 4 financial years after the first financial year in which odometer details are recorded in accordance with subclause (1), an employer is not required to calculate the relevant percentage, or record the details referred to in subclause (1)(a)–(f), for the person but is required to record the other details referred to in that subclause.
- (3) Accordingly, for the next succeeding 4 financial years after the first financial year in which odometer details are recorded in accordance with subclause (1), the number of business kilometres travelled during the financial year is to be calculated (as referred to in subclause (1)(i)) on the basis of the relevant percentage calculated for the first financial year.
- (4) Despite subclauses (2) and (3), an employer is required to calculate the relevant percentage for a financial year, and record the details referred to in subclause (1)(a)–(f), if—
- (a) the Commissioner serves a notice on the employer before the commencement of a financial year during that period directing the employer to keep the details referred to in subclause (1)(a)–(f) for that financial year; or
  - (b) the employer wishes to use the recording method referred to in this clause for one or more additional motor vehicles used by the person in any financial year or for any other reason.

- (5) In a situation referred to in subclause (4), the new record for the financial year replaces the relevant percentage details previously recorded and subclauses (2) and (3) apply in relation to the new record for the financial year as if it were the first financial year in which odometer details were recorded.
- (6) An employer who has adopted and employed the method of recording referred to in subclauses (2) and (3) for a person for 4 successive financial years must, in the next succeeding financial year, make a fresh recording of all the details specified in subclause (1) if the employer intends to continue to use the same method of recording for the person. Subclauses (2) and (3) then apply in relation to the new record for the financial year as if it were the first financial year in which odometer details were recorded.
- (7) If the odometer of a motor vehicle is replaced or recalibrated during any period for which its readings are relevant for the purposes of this clause, the odometer readings immediately before and after the replacement or recalibration are to be recorded.

#### **15 Meaning of relevant 12-week period**

- (1) In clause 14, *relevant 12-week period* means a continuous period of at least 12 weeks, selected by the employer, throughout which a motor vehicle is provided or maintained by a person. If the motor vehicle is provided or maintained for less than 12 weeks, the period must be the entire period for which the motor vehicle is provided or maintained.
- (2) The period may overlap the start or end of the financial year, so long as it includes part of the year.

- 
- (3) If the averaging method is used for 2 or more motor vehicles for the same financial year, the odometer readings for those motor vehicles must cover periods that are concurrent.

**16 Replacing one motor vehicle with another motor vehicle**

- (1) For the purposes of using the averaging method, an employer may nominate one motor vehicle as having replaced another motor vehicle with effect from a day specified in the nomination.
- (2) After the nomination takes effect, the replacement motor vehicle is treated as the original motor vehicle, and the original motor vehicle is treated as a different motor vehicle. An employer need not repeat for the replacement vehicle the steps already taken for the original motor vehicle.
- (3) An employer must record the nomination in writing in the financial year in which the nomination takes effect.
- (4) However, the Commissioner may allow an employer to record the nomination at a later time.

**17 Changing method of recording**

- (1) An employer may change from using the averaging method to using the continuous recording method with effect from the beginning of a financial year if the employer complies with clause 13 in respect of the financial year.
- (2) An employer may change from using the continuous recording method to using the averaging method with effect from the beginning of a financial year if the employer complies with clause 14 in respect of the financial year.

## 18 Definition

In this Part—

*business journey* means—

- (a) a journey undertaken in a motor vehicle by a person otherwise than in the application of the vehicle to a private use, being an application that, if the person is paid a motor vehicle allowance for that use, results in the provision of a fringe benefit (within the meaning of the FBTA Act) by the employer; or
  - (b) a journey undertaken in a motor vehicle by a person in the course of producing assessable income of the person (within the meaning of the Income Tax Assessment Act 1936 of the Commonwealth).
-

---

**SCHEDULE 2**

Sections 8, 40(2), 49, 51, 60(2)(e), 100

**VICTORIA SPECIFIC PROVISIONS**

**PART 1—INTRODUCTION**

**1 Introduction to Schedule**

This Schedule sets out provisions that apply only  
in this jurisdiction.

---

---

**PART 2—CALCULATION OF MONTHLY PAYROLL TAX**

**Division 1—Rate of payroll tax**

**2 Rate of payroll tax**

The rate of payroll tax in this jurisdiction is—

Sch. 2 cl. 2(b)  
amended by  
Nos 31/2008  
s. 25(b),  
36/2010  
s. 13(2)(a).

(a) for wages paid or payable before 1 July  
2008—5·05%;

(b) for wages paid or payable on or after 1 July  
2008 and before 1 July 2010—4·95%;

Sch. 2 cl. 2(c)  
inserted by  
No. 36/2010  
s. 13(2)(b),  
amended by  
No. 40/2014  
s. 29(2)(a).

(c) for wages paid or payable on or after 1 July  
2010 and before 1 July 2014—4·90%;

Sch. 2 cl. 2(d)  
inserted by  
No. 40/2014  
s. 29(2)(b).

(d) for wages paid or payable on or after 1 July  
2014—4·85%.

**Division 2—Employers who are not members of a group**

**3 Application of Division**

This Division applies only to an employer who is  
not a member of a group.

**4 Amount of payroll tax to be paid each month**

(1) The amount of payroll tax payable by an employer  
on taxable wages paid or payable by the employer  
in a month is the amount of dollars calculated in  
accordance with the following formula—

$$(TW - D) \times R$$

where—



**TW** represents the total taxable wages paid or payable by the employer (otherwise than as a member of a group) during the month;

**D** is the deductible amount referred to in clause 5 or 6 (as the case requires);

**R** is the rate of tax referred to in clause 2.

- (2) If **D** is equal to or more than **TW** in respect of a month, the employer is not required to pay payroll tax in respect of that month.

**5 Deductible amount for employer who does not pay interstate wages**

- (1) For an employer who pays or is liable to pay taxable wages in a month but does not pay and is not liable to pay interstate wages in that month, the *deductible amount* in respect of that month is \$45 833.
- (2) Subclause (1) applies whether the employer pays or is liable to pay wages for the whole of the month or only part of the month.

**6 Deductible amount for employer who pays interstate wages**

- (1) The *deductible amount* for an employer who pays or is liable to pay taxable wages and interstate wages in a month is—
- (a) if notice has been given under subclause (2) and no determination under subclause (5) is in force—the amount specified in the most recent notice given under subclause (2); or
- (b) if a determination is in force under subclause (5)—the amount specified in the determination.
- (2) From time to time, the employer may give a notice to the Commissioner, containing the information required by the Commissioner, of

an amount, calculated in accordance with subclause (3), that the employer claims to be the employer's deductible amount for that month and subsequent months.

- (3) The amount is to be calculated in accordance with the following formula—

$$D = \frac{\$45\,833 \times T}{(T + I)}$$

where—

**D** is the deductible amount per month;

**T** represents the estimated taxable wages in the financial year in which D will be applied;

**I** represents the estimated interstate wages in the financial year in which D will be applied.

- (4) The deductible amount claimed cannot be more than the amount referred to in clause 5(1).
- (5) At any time, the Commissioner may, by notice in writing to the employer, determine an amount, not more than the amount referred to in clause 5(1), as the deductible amount for the employer for one or more months specified in the determination.
- (6) A determination under subclause (5) may be made on application by the employer or on the Commissioner's own motion.
- (7) At any time, the Commissioner, by notice in writing to the employer, may revoke a determination made under subclause (5).

### **Division 3—Groups with a designated group employer**

#### **7 Application of Division**

This Division applies only to an employer who is a member of a group for which there is a designated group employer.

---

## 8 Amount of payroll tax to be paid each month

(1) If an approval is in force under section 87(2) for the designated group employer to lodge a joint return—

(a) the amount of payroll tax payable by the designated group employer on taxable wages paid or payable in a month by the employers covered by the return is the amount of dollars calculated in accordance with the following formula—

$$(JTW - D) \times R$$

where—

**JTW** represents the total taxable wages paid or payable during the month by the employers covered by the return (as members of a group);

**D** is the deductible amount referred to in clause 9 or 10 (as the case requires);

**R** is the rate of tax referred to in clause 2;

(b) the amount of payroll tax payable by each employer who is a member of the group but is not covered by the return on taxable wages paid or payable by the employer in a month is the amount of dollars calculated in accordance with the following formula—

$$TW \times R$$

where—

**TW** represents the total taxable wages paid or payable by the employer concerned (as a member of the group) during the relevant month;

**R** is the rate of tax referred to in clause 2.

Sch. 2

(2) If an approval under section 87(2) is not in force for the designated group employer—

(a) the amount of payroll tax payable by the designated group employer on taxable wages paid or payable by the designated group employer in a month is the amount of dollars calculated in accordance with the following formula—

$$(TW - D) \times R$$

where—

**TW** represents the total taxable wages paid or payable by the designated group employer (as a member of a group) during the month;

**D** is the deductible amount referred to in clause 9 or 10 (as the case requires);

**R** is the rate of tax referred to in clause 2;

(b) the amount of payroll tax payable by each employer who is a member of the group on taxable wages paid or payable by the employer in a month is the amount of dollars calculated in accordance with the following formula—

$$TW \times R$$

where—

**TW** represents the total taxable wages paid or payable by the employer concerned (as a member of the group) during the relevant month;

**R** is the rate of tax referred to in clause 2.

- (3) For the purposes of subclauses (1)(a) and (2)(a), if D is equal to or more than JTW or TW in respect of a month (as the case requires), the designated group employer is not required to pay payroll tax in respect of that month.

**9 Deductible amount for groups that do not pay interstate wages**

- (1) For a group in which one or more members pay or are liable to pay taxable wages in a month but no members pay or are liable to pay interstate wages in that month, the *deductible amount* in respect of that month is \$45 833.
- (2) Subclause (1) applies whether group members pay or are liable to pay wages for the whole of the month or only part of the month.

**10 Deductible amount for groups that pay interstate wages**

- (1) The *deductible amount* for a group in which one or more members pay or are liable to pay taxable wages or interstate wages in a month is—
- (a) if notice has been given under subclause (2) and no determination under subclause (5) is in force—the amount specified in the most recent notice given under subclause (2); or
  - (b) if a determination is in force under subclause (5)—the amount specified in the determination.
- (2) From time to time, the designated group employer may give a notice to the Commissioner, containing the information required by the Commissioner, of an amount, calculated in accordance with subclause (3), that the employer claims to be the group's deductible amount for that month and subsequent months.

- (3) The amount is to be calculated in accordance with the following formula—

$$D = \frac{\$45\,833 \times T}{(T + I)}$$

where—

**D** is the deductible amount per month;

**T** represents the estimated taxable wages payable by the group in the financial year in which D will be applied;

**I** represents the estimated interstate wages payable by the group in the financial year in which D will be applied.

- (4) The deductible amount claimed cannot be more than the amount referred to in clause 9(1).
- (5) At any time, the Commissioner may, by notice in writing to the designated group employer, determine an amount, not more than the amount referred to in clause 9(1), as the deductible amount for the group for one or more months specified in the determination.
- (6) A determination under subclause (5) may be made on application by the designated group employer or on the Commissioner's own motion.
- (7) At any time, the Commissioner, by notice in writing to the designated group employer, may revoke a determination made under subclause (5).

#### **Division 4—Groups with no designated group employer**

##### **11 Application of Division**

This Division applies only to an employer who is a member of a group for which there is no designated group employer.

---

**12 Amount of payroll tax to be paid each month**

The amount of payroll tax payable by each member of the group on taxable wages paid or payable by the member in a month is the amount of dollars calculated in accordance with the following formula—

$$TW \times R$$

where—

**TW** represents the total taxable wages paid or payable by the employer concerned (as a member of the group) during the relevant month;

**R** is the rate of tax referred to in clause 2.

---

---

PART 3—EXEMPTIONS

Division 1—Education and training

13 Definitions

In this Division—

Sch. 2 cl. 13  
def. of  
*Commission*  
amended by  
No. 26/2007  
s. 108(1)(a).

*Commission* has the same meaning as in the  
**Education and Training Reform Act 2006**;

Sch. 2 cl. 13  
def. of  
*new entrant*  
amended by  
No. 26/2007  
s. 108(1)(b).

*new entrant* means an apprentice or trainee who  
meets the requirements of the Commission  
for eligibility for funding as a new entrant  
under the applicable performance agreement  
under section 3.1.4 of the **Education and  
Training Reform Act 2006**;

Sch. 2 cl. 13  
def. of  
*school*  
substituted by  
No. 26/2007  
s. 108(1)(c).

*school* means a school that is—

- (a) a non-Government school within the  
meaning of the **Education and  
Training Reform Act 2006** that is  
registered under that Act; and
- (b) carried on by a person for no profit or  
gain to the person or the individual  
members of the person;

Sch. 2 cl. 13  
def. of  
*school  
council*  
amended by  
No. 26/2007  
s. 108(1)(d).

*school council* has the same meaning as in the  
**Education and Training Reform Act 2006**.



#### 14 Schools and school councils

- (1) Wages paid or payable by a school to a person in relation to the provision of education within that school are exempt wages.
- (2) Wages paid or payable by a school council to a person in relation to the provision of education are exempt wages.

#### 15 Persons providing educational services

Wages are exempt wages if they are paid or payable for an educational service that is provided by a person in connection with the curriculum of a school (otherwise than for the purpose of profit or gain to the person or the individual members of the person).

#### 16 Approved training schemes

- (1) Wages are exempt wages if they are paid or payable to a new entrant who is employed—
  - (a) in accordance with the requirements of an approved training scheme under Part 5.5 of the **Education and Training Reform Act 2006**; and
  - (b) by a non-profit organisation that is declared to be an approved group training organisation under subclause (2).
- (2) The Treasurer, by notice published in the Government Gazette, may declare a non-profit organisation to be an approved group training organisation for the purposes of this Division.
- (3) The Treasurer must consult the Minister administering Part 5.5 of the **Education and Training Reform Act 2006** before making a declaration under subclause (2).

Sch. 2  
cl. 16(1)(a)  
amended by  
No. 26/2007  
s. 108(2).

Sch. 2 cl. 16(3)  
amended by  
No. 26/2007  
s. 108(3).

Sch. 2

**Division 2—Health care service providers**

**17 What is a health care service provider?**

(1) For the purposes of Division 3 of Part 4 of this Act, a *health care service provider* is—

- (a) an ambulance service;
- (b) a registered community health centre;

Sch. 2  
cl. 17(1)(b)  
substituted by  
No. 79/2008  
s. 20(1).

- (c) a denominational hospital;
- (d) a multi-purpose service;
- (e) a non-profit hospital;
- (f) a public health service;
- (g) a public hospital;
- (h) the Victorian Institute of Forensic Mental Health established by section 328 of the **Mental Health Act 2014**.

Sch. 2  
cl. 17(1)(h)  
amended by  
No. 26/2014  
s. 455(Sch.  
item 22).

(2) In this clause—

*ambulance service* means an ambulance service created under section 23 of the **Ambulance Services Act 1986**;

\* \* \* \* \*

Sch. 2 cl. 17(2)  
def. of  
*community health centre*  
repealed by  
No. 79/2008  
s. 20(2)(a).

*denominational hospital* means a hospital listed in Schedule 2 to the **Health Services Act 1988**;

*multi-purpose service* means—

- (a) a body referred to in section 115V(2) of the **Health Services Act 1988**; or

(b) a body declared under Part 4A of that Act to be a multi-purpose service;

***non-profit hospital*** means a hospital carried on by a body corporate, society or association (otherwise than for the purpose of profit or gain to the individual members of the body corporate, society or association);

***public health service*** means a public health service listed in Schedule 5 to the **Health Services Act 1988**;

***public hospital*** means a hospital listed in Schedule 1 to the **Health Services Act 1988**;

Sch. 2 cl. 17(2)  
def. of  
*public hospital*  
amended by  
No. 79/2008  
s. 20(2)(b).

***registered community health centre*** means a community health centre registered under Division 6 of Part 3 of the **Health Services Act 1988**.

Sch. 2 cl. 17(2)  
def. of  
*registered community health centre*  
inserted by  
No. 79/2008  
s. 20(2)(c).

### Division 3—Local government

#### 18 Limitation on local government exemptions

For the purposes of section 60(2)(e), the following activities are specified—

- (a) quarrying;
- (b) conduct of ice works;
- (c) cement pipe manufacture;
- (d) operation of port and harbour facilities;
- (e) provision of public transport facilities.

**Division 4—Other exemptions**

**19 Specialized agencies**

- (1) Wages paid or payable by a specialized agency are exempt wages.
  - (2) A *specialized agency* has the same meaning as in section 1 of the Convention on the Privileges and Immunities of the Specialized Agencies, which was adopted by the General Assembly of the United Nations on the 21 November 1947.
-

---

**PART 4—RETURNS AND REFUNDS**

**20 Further returns**

The Commissioner may, by notice in writing, call upon any employer or person to lodge, within the time specified in the notice, a return or further or fuller return as the Commissioner requires, whether on the person's own behalf or as an agent or trustee.

**21 Notification of change in circumstances**

An employer must give the Commissioner written notice within 14 days—

- (a) after any change in the employer's—
  - (i) name; or
  - (ii) trading name; or
  - (iii) location of head office; or
  - (iv) postal address; or
  - (v) members, if the employer is a partnership; or
- (b) after the employer ceases to—
  - (i) pay wages as referred to in section 86(1)(a); or
  - (ii) be a member of a group referred to in section 86(1)(b); or
- (c) after the employer becomes a member of a group referred to in section 86(1)(b).

Penalty: 20 penalty units.

**Note**

Section 130A of the **Taxation Administration Act 1997** applies to an offence against this clause.

**Note to  
Sch. 2 cl. 21  
inserted by  
No. 13/2013  
s. 57(2).**

## **22 Time limit for refund applications**

An application for a refund due under section 83 must be made before the end of the financial year next following the financial year in respect of which the refund is due.

---

---

**PART 5—GENERAL**

**23 Disregarding cents**

If, for the purposes of this Act, it is necessary—

- (a) to calculate the proportion that one amount bears to another amount; or
- (b) to calculate an amount in accordance with a formula—

and, but for this clause, one or more of those amounts or an amount included in the formula would be amounts of dollars and cents—the cents are to be disregarded.

---

---

**SCHEDULE 3**

Section 117

**TRANSITIONAL PROVISIONS**

**1 Definition**

In this Schedule—

*old Act* means the **Pay-roll Tax Act 1971** as in force immediately before its repeal.

**Note**

The **Pay-roll Tax Act 1971** is repealed by section 102 of this Act, which comes into operation on 1 July 2007.

**2 Savings and transitional regulations**

- (1) The regulations may contain provisions of a savings and transitional nature consequent on the enactment of this Act.
- (2) Any such provision may, if the regulations so provide, take effect from the date of assent to the Act concerned or a later date.
- (3) To the extent to which any such provision takes effect from a date that is earlier than the date of its publication in the Gazette, the provision does not operate so as—
  - (a) to affect, in a manner prejudicial to any person (other than the State or an authority of the State), the rights of that person existing before the date of its publication; or
  - (b) to impose liabilities on any person (other than the State or an authority of the State) in respect of anything done or omitted to be done before the date of its publication.



---

### **3 Application of Interpretation of Legislation Act 1984**

Except where the contrary intention appears, this Schedule does not affect or take away from the **Interpretation of Legislation Act 1984**.

### **4 Continuation of old Act and regulations**

If a provision of the old Act continues to apply by force of this Schedule, the following provisions also continue to apply in relation to that provision—

- (a) any other provision of the old Act necessary to give effect to that continued provision;
- (b) any regulation made under the old Act for the purposes of that continued provision.

### **5 Application of this Act and old Act**

- (1) This Act applies to payroll tax on taxable wages that are paid or payable on or after 1 July 2007.
- (2) Despite its repeal, the old Act continues to apply to payroll tax on taxable wages (within the meaning of the old Act) paid or payable before 1 July 2007.
- (3) The following enactments, as in force immediately before 1 July 2007, continue to apply on and after that day in respect of any matter to which the old Act continues to apply on and after that day—
  - (a) **Taxation Administration Act 1997** and regulations made under that Act;
  - (b) **Taxation (Reciprocal Powers) Act 1987**;
  - (c) **Victorian Civil and Administrative Tribunal Act 1998** and regulations and rules made under that Act.

## 6 Fringe benefits

- (1) An election by an employer under section 13A(2) of the old Act that was in force immediately before 1 July 2007 remains in force on and after that day for the purposes of this Act as if it were an election made by the employer under section 16(1) of this Act.
- (2) If an employer is a prescribed sporting club, a reference in section 16(1) to the amount determined in accordance with subsection (2) in relation to that employer is taken to be a reference to the sum of the type 1 aggregate fringe benefits amount and the type 2 aggregate fringe benefits amount (within the meaning of the FBTA Act) in relation to that employer.

- (3) In this clause—

*competitive sporting activity* includes the playing of a sport, but does not include—

- (a) the umpiring or refereeing of a sporting activity; or
- (b) the administration of a sporting activity; or
- (c) the non-competitive practice of a sport;

*prescribed sporting club* means—

- (a) a prescribed sporting club referred to in the Schedule to the Pay-roll Tax (Prescribed Sporting Club) Regulations 2001 as in force immediately before 1 July 2007 (other than the body referred to in item 1 in that Schedule); or
- (b) North Melbourne Kangaroos Limited A.C.N. 065 251 489; or

- 
- (c) a body prescribed by the regulations, being an association, club or other body—
- (i) an object of which is to participate in, facilitate or promote a sporting activity; and
  - (ii) that employs persons who play for the body in a competitive sporting activity; and
  - (iii) that pays more than 50% of its total wages in a financial year to persons referred to in subparagraph (ii) in respect of services performed by those players being the playing of a sport.
- (4) Subclauses (2) and (3) and this subclause are **repealed** on 1 July 2008.

**7 Superannuation contributions relating to pre-1 July 1997 service**

- (1) Despite anything in section 11 or 17, *wages* do not include a superannuation contribution paid or payable in respect of services performed by an employee before 1 July 1997.
- (2) A superannuation contribution that is alleged by an employer to be paid in respect of services performed by an employee before 1 July 1997 must be evidenced to the satisfaction of the Commissioner in the employer's records for payroll tax purposes.

- 
- (3) In particular, the employer's records must show the manner of calculation of the contribution and any actuarial basis for it.
  - (4) For the purposes of subclause (3) and of any assessment of payroll tax to which that subclause is material, the certificate of a fellow or accredited member of the Institute of Actuaries of Australia to the effect that the actuarial basis on which an amount is calculated is justified is evidence and, in the absence of evidence to the contrary, proof of that fact.
  - (5) If records are not kept as required by this clause, the Commissioner is entitled to assume that a payment of money by an employer as a superannuation contribution on or after 1 July 1997 is an amount payable in respect of services performed by an employee on or after that day.

#### **8 Superannuation contributions not readily related to particular employees**

For the purposes of an assessment of payroll tax, the Commissioner may determine—

- (a) whether, and the extent to which, any monetary or non-monetary contribution paid or payable by an employer to a superannuation, provident or retirement fund or scheme that is not identified by the employer as paid or payable in respect of a particular employee (and whether or not purporting to be so paid or payable on any actuarial basis) is to be regarded as a superannuation contribution paid or payable in respect of a particular employee;
- (b) the portion of any monetary or non-monetary contribution paid by an employer as a superannuation contribution to a wholly or partly unfunded fund or scheme, being

---

money paid in respect of an employee (or that is to be regarded under paragraph (a) to have been so paid) who performed services to the employer on or after, as well as before, 1 July 1997, that is to be regarded as having been paid in respect of services performed before that date.

### 9 Employment agents

A declaration under section 5(3) of the old Act that was in force immediately before 1 July 2007 remains in force on and after that day for the purposes of this Act as if it were a declaration made under section 40(2) of this Act.

### 10 Exemption continues for certain schools

For the purposes of Division 1 of Part 3 of Schedule 2, a *school* includes—

- (a) a school or college that—
  - (i) is carried on by a body corporate, society or association for no profit or gain to the individual members of the body corporate, society or association and is not carried on by or on behalf of the State; and
  - (ii) provides education at or below the secondary level of education and to students, the majority of whom are aged under 19 years of age; and
  - (iii) was in existence as such a college before 27 May 1997; and
- (b) a school or college within the meaning of section 10(1)(da) of the **Pay-roll Tax Act 1971** as in force immediately before the commencement of section 19(a) of the **State Taxation Legislation (Further Amendment) Act 2002**.

Sch. 3

Sch. 3 cl. 11  
amended by  
No. 26/2007  
s. 108(4) (ILA  
s. 39B(1)).

## 11 Approved training schemes

(1) A notice in force under section 10(1)(k)(ii) of the old Act immediately before 1 July 2007 remains in force on and after that day for the purposes of clause 16 of Schedule 2 to this Act as if it were a notice published under clause 16(2) of that Schedule.

Sch. 3 cl. 11(2)  
inserted by  
No. 26/2007  
s. 108(4).

(2) A notice in force under clause 16(2) of Schedule 2 immediately before the commencement of section 108 of this Act remains in force on and after that commencement as if it had been made under that clause as amended by that section 108.

## 12 Exemption continues for public hospitals

For the purposes of Division 2 of Part 3 of Schedule 2, a *public hospital* includes a public hospital within the meaning of section 10(1)(bc) of the **Pay-roll Tax Act 1971** as in force immediately before the commencement of section 14(1) of the **State Taxation Legislation (Miscellaneous Amendments) Act 2006**.

## 13 Registration of employers

An employer who was registered under section 12 of the old Act immediately before 1 July 2007 is taken, on and after that day, to be registered under section 86 of this Act.

## 14 Designated group employers

A member of a group who was the nominated or appointed member for the group under section 9A(4) of the old Act immediately before 1 July 2007 is taken, on and after that day, to be the designated group employer for the group as if the member had been designated under section 80 of this Act.

**15 State Taxation Acts Amendment Act 2008**

Schedule 1, as amended by section 24 of the **State Taxation Acts Amendment Act 2008**, applies to the financial year commencing on 1 July 2007 and any subsequent financial year.

Sch. 3 cl. 15  
inserted by  
No. 31/2008  
s. 26.

**16 Application of amendments**

- (1) The amendments made to this Act by the **State Taxation Acts Further Amendment Act 2009** apply in respect of taxable wages that are paid or payable on or after 1 July 2009.
- (2) The amendments made to this Act by the **State Taxation Acts Further Amendment Act 2009** are to be applied for the purpose of determining the correct amount of payroll tax (within the meaning of section 82) payable by an employer in respect of the financial year commencing on 1 July 2009 (including in respect of expired months).
- (3) However, section 9 continues to apply in respect of an expired month as if the amendments made to this Act by the **State Taxation Acts Further Amendment Act 2009** had not been made.
- (4) In this clause, an *expired month* is a month occurring after June 2009 that ended before the date on which the **State Taxation Acts Further Amendment Act 2009** received the Royal Assent.

Sch. 3 cl. 16  
inserted by  
No. 83/2009  
s. 22.

**17 State Taxation Acts Amendment Act 2011**

- (1) Anything done or omitted to be done by an employer in connection with the assessment and payment of payroll tax, in respect of a month occurring after June 2009 and before July 2011, that would have been validly done or omitted to be done had the amendments made to this Act by the **State Taxation Acts Amendment Act 2011** been in force, is taken to have been validly done or omitted.

Sch. 3 cl. 17  
inserted by  
No. 28/2011  
s. 38.

**Note**

This provision validates a decision by an employer to treat the grant of a share or an option to an employee that is not an ESS interest as a fringe benefit under Division 2 of Part 3 of this Act and to determine the value of those fringe benefits in accordance with those provisions, rather than by reference to Division 4 of Part 3 of this Act.

- (2) Division 4 of Part 3 of this Act continues to apply in respect of a share or an option granted before 1 July 2011 that constituted wages under old section 18, whether or not the grant of the share or option would constitute wages under new section 18, if the relevant day in relation to the grant of the share or option is not a day occurring before 1 July 2011.

**Example**

A share granted before 1 July 2011 that is not an ESS interest continues to be treated as wages under Division 4 of Part 3 of this Act if the vesting date for the share did not occur before 1 July 2011 and the employer did not elect to treat the date of the grant as the relevant day.

- (3) The assessment amendments apply in respect of any such share or option.
- (4) Accordingly, the vesting date and the value of the share or option are to be determined in accordance with the assessment amendments.
- (5) This clause does not apply in respect of a share or an option granted before 1 July 2011 if the liability for payroll tax in respect of the grant is determined in accordance with Division 2 of Part 3 (as permitted by subclause (1)).
- (6) In this clause—

***assessment amendments*** means the amendments made by the **State Taxation Acts Amendment Act 2011**;



---

*new section 18* means section 18 as amended by the **State Taxation Acts Amendment Act 2011**;

*old section 18* means section 18 as in force immediately before 1 July 2011;

*relevant day* has the same meaning as it has in section 18(3).

**18 State Tax Laws Amendment (Budget and Other Measures) Act 2013**

Sch. 3 cl. 18  
inserted by  
No. 41/2013  
s. 45.

- (1) Section 32, as amended by section 44 of the **State Tax Laws Amendment (Budget and Other Measures) Act 2013**, applies in respect of work performed on or after 1 July 2013 irrespective of when amounts are paid or become payable in respect of the work.
  - (2) Section 32 as in force immediately before the commencement of section 44 of the **State Tax Laws Amendment (Budget and Other Measures) Act 2013** continues to apply in respect of work performed before 1 July 2013 irrespective of when amounts are paid or become payable in respect of the work.
-

## ENDNOTES

### 1. General Information

*Minister's second reading speech—*

*Legislative Assembly: 23 May 2007*

*Legislative Council: 7 June 2007*

The long title for the Bill for this Act was "A Bill for an Act to re-enact and modernise the law relating to payroll tax, to harmonise payroll tax law with New South Wales, to repeal the **Pay-roll Tax Act 1971**, to amend the **Taxation Administration Act 1997** and other Acts and for other purposes."

The **Payroll Tax Act 2007** was assented to on 26 June 2007 and came into operation as follows:

Sections 1–107, 109–117 and Schedules 1–3 on 1 July 2007: section 2(1);  
section 108 on 1 July 2007: section 2(2)(b).

## 2. Table of Amendments

This Version incorporates amendments made to the **Payroll Tax Act 2007** by Acts and subordinate instruments.

### **Payroll Tax Act 2007, No. 26/2007**

*Assent Date:* 26.6.07  
*Commencement Date:* S. 108 on 1.7.07: s. 2(2)  
*Current State:* This information relates only to the provision/s amending the **Payroll Tax Act 2007**

### **Relationships Act 2008, No. 12/2008**

*Assent Date:* 15.4.08  
*Commencement Date:* S. 73(1)(Sch. 1 item 45) on 1.12.08: s. 2(2)  
*Current State:* This information relates only to the provision/s amending the **Payroll Tax Act 2007**

### **State Taxation Acts Amendment Act 2008, No. 31/2008**

*Assent Date:* 17.6.08  
*Commencement Date:* Ss 24–27 on 18.6.08: s. 2(1); ss 20–23 on 1.7.08: s. 2(3)  
*Current State:* This information relates only to the provision/s amending the **Payroll Tax Act 2007**

### **Health Services Legislation Amendment Act 2008, No. 79/2008**

*Assent Date:* 11.12.08  
*Commencement Date:* S. 20 on 31.3.09: Government Gazette 19.2.09 p. 328  
*Current State:* This information relates only to the provision/s amending the **Payroll Tax Act 2007**

### **Relationships Amendment (Caring Relationships) Act 2009, No. 4/2009**

*Assent Date:* 10.2.09  
*Commencement Date:* S. 37(Sch. 1 item 19) on 1.12.09: s. 2(2)  
*Current State:* This information relates only to the provision/s amending the **Payroll Tax Act 2007**

### **State Taxation Acts Further Amendment Act 2009, No. 83/2009**

*Assent Date:* 8.12.09  
*Commencement Date:* Ss 15–22 on 1.7.09: s. 2(5)  
*Current State:* This information relates only to the provision/s amending the **Payroll Tax Act 2007**

### **State Taxation Acts Amendment Act 2010, No. 36/2010**

*Assent Date:* 15.6.10  
*Commencement Date:* S. 13 on 1.7.10: s. 2(2)  
*Current State:* This information relates only to the provision/s amending the **Payroll Tax Act 2007**

Payroll Tax Act 2007  
No. 26 of 2007

Endnotes

---

**State Taxation Acts Amendment Act 2011, No. 28/2011**

*Assent Date:* 21.6.11  
*Commencement Date:* Ss 33–39 on 1.7.11: s. 2(3)  
*Current State:* This information relates only to the provision/s amending the **Payroll Tax Act 2007**

**Statute Law Revision Act 2011, No. 29/2011**

*Assent Date:* 21.6.11  
*Commencement Date:* S. 3(Sch. 1 item 66) on 22.6.11: s. 2(1)  
*Current State:* This information relates only to the provision/s amending the **Payroll Tax Act 2007**

**State Taxation Acts Further Amendment Act 2011, No. 69/2011**

*Assent Date:* 29.11.11  
*Commencement Date:* Ss 3, 4 on 1.7.12: s. 2(2)  
*Current State:* This information relates only to the provision/s amending the **Payroll Tax Act 2007**

**Statute Law Amendment (Directors' Liability) Act 2013, No. 13/2013**

*Assent Date:* 13.3.13  
*Commencement Date:* S. 57 on 14.3.13: s. 2  
*Current State:* This information relates only to the provision/s amending the **Payroll Tax Act 2007**

**State Tax Laws Amendment (Budget and Other Measures) Act 2013, No. 41/2013**

*Assent Date:* 28.6.13  
*Commencement Date:* Ss 44, 45 on 1.7.13: s. 2(4)  
*Current State:* This information relates only to the provision/s amending the **Payroll Tax Act 2007**

**Mental Health Act 2014, No. 26/2014**

*Assent Date:* 8.4.14  
*Commencement Date:* S. 455(Sch. item 22) on 1.7.14: s. 2(1)  
*Current State:* This information relates only to the provision/s amending the **Payroll Tax Act 2007**

**Building a Better Victoria (State Tax and Other Legislation Amendment) Act 2014, No. 40/2014**

*Assent Date:* 17.6.14  
*Commencement Date:* S. 29 on 18.6.14: s. 2(1)  
*Current State:* This information relates only to the provision/s amending the **Payroll Tax Act 2007**

---

### 3. Explanatory Details

No entries at date of publication.