

LEGISLATIVE COUNCIL

STATE TAXATION AND MENTAL HEALTH ACTS AMENDMENT BILL 2021

(Suggested amendments to be proposed in Committee by Mr RICH-PHILLIPS)

1. **Suggested amendment to the Legislative Assembly—**
Clause 2, line 2, after "and 4" insert "and 5".
2. **Suggested amendment to the Legislative Assembly—**
Clause 2, after line 7 insert—

"(4) Division 5 of Part 6 comes into operation on 1 July 2023."
3. **Suggested amendment to the Legislative Assembly—**
Page 60, after line 26 insert the following heading—

"**Division 5—Payroll tax threshold increase and rate reductions**".
4. **Suggested amendment to the Legislative Assembly—**
Insert the following New Clauses to follow clause 69—

'69A Registration

For section 86(6)(d) of the **Payroll Tax Act 2007** substitute—

"(d) for the financial years commencing on 1 July 2021 and 1 July 2022—\$13 461 per week;

(e) for the financial year commencing on 1 July 2023 and each subsequent financial year—\$30 769 per week."

69B Definition of *TA* or *threshold amount*

In clause 1 of Schedule 1 to the **Payroll Tax Act 2007**—

(a) for paragraphs (h) of the definition of ***R*** substitute—

"(h) for the financial years commencing on 1 July 2021 and 1 July 2022—

(i) 1.2125% in the case of a regional employer; and

(ii) 4.85% in any other case;

(i) for the financial year commencing on 1 July 2023 and each subsequent financial year—

(i) in the case of a regional employer, the rate specified in clause 1C; and

(ii) in any other case, the rate specified in clause 1D;"

(b) for paragraph (e) of the definition of ***TA*** or ***threshold amount*** substitute—

- "(e) for the financial years commencing on 1 July 2021 and 1 July 2022—\$700 000;
- (f) for the financial year commencing on 1 July 2023 and each subsequent financial year—\$1 600 000;"

(c) **insert** the following definition—

"TFT or tax free threshold means the amount calculated in accordance with clause 1B."

69C New clauses 1B, 1C and 1D of Schedule 1 inserted

After clause 1A of Schedule 1 to the **Payroll Tax Act 2007** insert—

"1B Tax free threshold

The tax free threshold for an employer or group of employers in a financial year is the amount calculated in accordance with the following formula—

$$1\,600\,000 \times \frac{C}{FY}$$

1C Determination of payroll tax rate for regional employers

- (1) For the purposes of subparagraph (i)(i) of the definition of **R**, the rate of payroll tax payable by a regional employer is the rate calculated in accordance with the following formula—

$$\left[[TW - TFT] \times \left[\frac{R_{\max} - 0.0001}{399\,999} \right] \right] + 0.000005$$

where **R_{max}** is 1.2125%.

- (2) In this clause, **TW**—

- (a) in the case of an employer who is not a member of a group, has the same meaning as in clause 3; and
- (b) in the case of an employer who is a member of a group, has the same meaning as in clause 7.

1D Determination of payroll tax rate for employers that are not regional employers

- (1) For the purposes of subparagraph (i)(ii) of the definition of **R**, the rate of payroll tax payable by an employer that is not a regional employer is the rate determined in accordance with the following formula—

$$\left[[TW - TFT] \times \left[\frac{R_{\max} - 0.0002}{399\,999} \right] \right] + 0.0001$$

where **R_{max}** is 4.85%.

- (2) In this clause, **TW**—

- (a) in the case of an employer who is not a member of a group, has the same meaning as in clause 3; and

- (b) in the case of an employer who is a member of a group, has the same meaning as in clause 7."

69D Definition of base deductible amount

In clause 1A of Schedule 2 to the **Payroll Tax Act 2007**—

- (a) for paragraph (d) of the definition of *base deductible amount* **substitute**—

"(d) for a month in the financial years commencing on 1 July 2021 and 1 July 2022—\$58 333;

- (e) for a month in the financial year commencing on 1 July 2023 and each subsequent financial year—\$133 333;"

- (b) in the definition of *R*, for "clause 2." **substitute** "clause 2;"

- (c) **insert** the following definition—

"*TFT* or *tax free threshold* means the amount calculated in accordance with clause 2A."

69E Rate of payroll tax

For paragraph (h) of clause 2 of Schedule 2 to the **Payroll Tax Act 2007** **substitute**—

- "(h) for wages paid or payable on or after 1 July 2021 and before 1 July 2023—

- (i) 1.2125% in the case of a regional employer; and
(ii) 4.85% in any other case;

- (i) for wages paid or payable on or after 1 July 2023—

- (i) in the case of a regional employer, the rate specified in clause 2B; and
(ii) in any other case, the rate specified in clause 2C."

69F New clauses 2A, 2B and 2C of Schedule 2 inserted

After clause 2 of Schedule 2 to the **Payroll Tax Act 2007** **insert**—

"2A Tax free threshold

The tax free threshold for an employer or group of employers in a financial year is the amount calculated in accordance with the following formula—

$$1\,600\,000 \times \frac{C}{FY}$$

where—

C is the estimated number of days in the relevant financial year in respect of which the employer or group of employers is liable to pay taxable wages or interstate wages;

FY is the number of days in the relevant financial year.

2B Determination of payroll tax rate for regional employers

For the purposes of subparagraph (i)(i) of the definition of **R**, the rate of payroll tax payable by a regional employer is the rate calculated in accordance with the following formula—

$$\left[[\text{ETW} - \text{TFT}] \times \left[\frac{\mathbf{R}_{\max} - 0.0001}{399\,999} \right] \right] + 0.000005$$

where \mathbf{R}_{\max} is 1.2125%.

2C Determination of payroll tax rate for employers that are not regional employers

For the purposes of subparagraph (i)(ii) of the definition of **R**, the rate of payroll tax payable by an employer that is not a regional employer is the rate calculated in accordance with the following formula—

$$\left[[\text{ETW} - \text{TFT}] \times \left[\frac{\mathbf{R}_{\max} - 0.0002}{399\,999} \right] \right] + 0.0001$$

where \mathbf{R}_{\max} is 4.85%.