

PAY-ROLL TAX BILL 1976.

EXPLANATORY MEMORANDUM.

Clause 1.

Title and commencement. The Act will apply to wages paid or payable on or after 1st January, 1977.

Clause 2.

Sub-section (7) of section 3 already provides that in making certain calculations cents are to be disregarded. This clause extends sub-section (7) so that cents are also to be disregarded when calculating a deduction in accordance with the formulae referred to in clauses 3 and 5.

Clause 3.

This clause amends sub-section (3A) of section 9A of the Principal Act to give an increased deduction from pay-roll tax to groups of employers. The increased deduction for individual employers is contained in Clauses 4 and 5.

Sub-clause (1)—The last amendment (Act No. 8785) to the Principal Act treated the six months period 1st January, 1976 to 30th June, 1976 as a financial year. Sub-clause (1) amends section 9A (3A) (g) to retain the deduction for groups of employers for the six months period. Accordingly the annual maximum deduction of \$41,600 and the annual minimum deduction of \$20,800 are halved.

Sub-clause (2)—In the new paragraph (ga) sub-section (2A) deals with the current financial year and sub-section (2B) with future financial years. Each sub-section provides that the deduction applicable to a group of employers is to be ascertained in accordance with the formula in Part B of the appropriate Schedule to the Bill. The formula for groups of employers is the same as the formula for individual employers dealt with in Clause 5 but, as in the existing legislation, the deduction is calculated in relation to the total wages paid by the group not the wages paid by each individual member.

Clause 4.

This clause amends section 9B of the Principal Act.

After 1st January, 1977 the maximum monthly deduction which may be claimed will increase to \$4000. As with the present legislation, this amount will reduce by \$2 for every \$3 by which the taxable wages exceed \$4000 until it reaches the minimum deduction. The minimum deduction has been increased to \$2000.

Clause 4 accordingly amends the definition of “minimum amount” and “prescribed amount”, in respect of return periods after 31st December, 1976.

Clause 5.

Clause 5 amends Section 11A of the Principal Act, which deals with the annual deduction to which employers are entitled, to provide for the increased deduction.

Sub-clause (1)—As in the case of groups of employers dealt with in Clause 3 the existing sub-section (2) has been amended to apply only to the six months period ending 30th June, 1976, and the annual maximum and minimum deductions have been halved.

Sub-clause (2)—The new sub-sections (2A) and (2B) relate to the current financial year and future financial years respectively.

The annual deduction applicable to an employer is calculated not only by reference to his level of pay-roll but also by reference to whether he operates for a part of or for the whole of a year, and whether he is an employer solely in Victoria, or in Victoria and interstate.

Under the existing legislation, the appropriate calculation of the deduction for each category of employer is contained in a separate provision. For financial years commencing on and after 1st July, 1976, the annual deduction will be determined in accordance with a formula which will apply to all employers liable for pay-roll tax. The formula is contained in Part A of the appropriate schedule.

Sub-section (2A) and the relevant formula in the Schedule deal with the annual deduction applicable to the current financial year. As the increased deduction applies from 1st January, 1977, the annual deduction for the current financial year is ascertained by adding the deduction applicable to the first half year to the increased deduction applicable to the second half year.

Sub-section (2B) and the relevant formula in the Schedule deal with the annual deduction applicable to future financial years. The increased maximum deduction will be \$48,000, which will reduce by \$2 for every \$3 by which the annual wages exceed \$48,000 to the new minimum figure of \$24,000.

Clause 6.

This clause amends section 12 of the Principal Act to require an employer to register under the Pay-roll Tax Act when his weekly pay-roll exceeds \$900, instead of the present \$800.

Clause 7.

This clause contains the Schedule and the formulae referred to in dealing with Clauses 3 and 5.