

Pay-roll Tax Assessment Amendment (Thresholds) Bill 2019

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Western Australia

LEGISLATIVE ASSEMBLY

**Pay-roll Tax Assessment Amendment
(Thresholds) Bill 2019**

A Bill for

An Act to amend the *Pay-roll Tax Assessment Act 2002*.

The Parliament of Western Australia enacts as follows:

s. 1

1 **1. Short title**

2 This is the *Pay-roll Tax Assessment Amendment (Thresholds)*
3 *Act 2019*.

4 **2. Commencement**

5 This Act comes into operation as follows —

- 6 (a) sections 1 and 2 come into operation on the day on
7 which this Act receives the Royal Assent;
8 (b) the rest of the Act is deemed to have come into
9 operation on 1 July 2019.

10 **3. Act amended**

11 This Act amends the *Pay-roll Tax Assessment Act 2002*.

12 **4. Section 8 replaced**

13 Delete section 8 and insert:
14

15 **7A. Tax thresholds and tapering value: half-years**
16 **between 1 July 2019 and 30 June 2021**

17 (1) The threshold amount for a half-year in the threshold
18 transition period is as follows —

- 19 (a) for the half-year beginning on 1 July 2019 —
20 \$425 000;
21 (b) for the half-years beginning on 1 January 2020
22 and 1 July 2020 — \$475 000;
23 (c) for the half-year beginning on
24 1 January 2021 — \$500 000.

25 (2) The monthly threshold amount for a half-year in the
26 threshold transition period is as follows —

- 27 (a) for the half-year beginning on 1 July 2019 —
28 \$70 833;

- 1 (b) for the half-years beginning on 1 January 2020
2 and 1 July 2020 — \$79 167;
3 (c) for the half-year beginning on
4 1 January 2021 — \$83 333.

5 (3) The upper threshold amount for a half-year in the
6 threshold transition period is \$3 750 000.

7 (4) The tapering value for a half-year in the threshold
8 transition period is to be calculated as follows —

$$\frac{HT}{UT - HT}$$

9 where —

10 HT is the threshold amount for the half-year;

11 UT is the upper threshold amount for the half-year.

12 Note for this section:

13 Division 6 sets out special provisions for determining liability
14 for pay-roll tax using the tax thresholds and tapering values
15 that apply to half-years in the threshold transition period.

16 **8. Tax thresholds and tapering value: financial years**
17 **beginning on or after 1 July 2021**

18 (1) The annual threshold amount for a financial year
19 beginning on or after 1 July 2021 is \$1 000 000.

20 (2) The monthly threshold amount for a financial year
21 beginning on or after 1 July 2021 is \$83 333.

22 (3) The upper threshold amount for a financial year
23 beginning on or after 1 July 2021 is \$7 500 000.

24 (4) The tapering value for a financial year beginning on or
25 after 1 July 2021 is to be calculated as follows —

$$\frac{AT}{UT - AT}$$

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where —
AT is the annual threshold amount for the year;
UT is the upper threshold amount for the year.

5. Part 2 Division 6 inserted

At the end of Part 2 insert:

**Division 6 — Special provisions for period from
1 July 2019 to 30 June 2021**

23D. Terms used

- (1) In this Division, the *relevant whole year liability provisions* in relation to an employer or group are as set out in the Table.

Table

Employer or group	Relevant whole year liability provisions
Local non-group employer	Section 10(1) and (2)
Interstate non-group employer	Section 13(2) and (3)
Group	Section 17(1) to (3A)

- 1 (2) In this Division, the *relevant part-year liability*
 2 *provisions* in relation to an employer or group are as
 3 set out in the Table.

4 **Table**

Employer or group	Relevant part-year liability provisions
Local non-group employer	Sections 10(3) to (6) and 11A
Interstate non-group employer	Sections 13(4) to (7) and 14
Group	Sections 17(3) to (7) and 18

- 5 (3) In this Division, the *relevant return period liability*
 6 *provisions* in relation to an employer are as set out in
 7 the Table.

8 **Table**

Employer	Relevant return period liability provisions
Local non-group employer	Sections 11 and 12
Interstate non-group employer	Section 15
Member of a group	Section 19

- 1 **23E. Application of Division**
- 2 (1) The amount of pay-roll tax payable by an employer or
- 3 group for an assessment year, part of an assessment
- 4 year, a progressive return period, or part of a
- 5 progressive return period, in the threshold transition
- 6 period is to be calculated under this Division.
- 7 (2) Divisions 2 and 3 apply for the purposes of a
- 8 calculation referred to in subsection (1) only to the
- 9 extent and with the modifications provided for in this
- 10 Division.
- 11 **23F. Annual tax liability: whole assessment years in**
- 12 **threshold transition period**
- 13 (1) This section applies if the amount of pay-roll tax
- 14 payable by an employer or group for an assessment
- 15 year in the threshold transition period would, but for
- 16 this Division, be calculated under the relevant whole
- 17 year liability provisions.
- 18 (2) The amount of pay-roll tax payable by the employer or
- 19 group for the assessment year is to be calculated by —
- 20 (a) calculating the amount of pay-roll tax payable
- 21 for each half-year in the assessment year in
- 22 accordance with the relevant whole year
- 23 liability provisions, as modified by
- 24 section 23K; and
- 25 (b) adding the amounts calculated under
- 26 paragraph (a) together.

- 1 (3) Despite subsection (2), the amount of pay-roll tax
2 payable by the employer or group for the assessment
3 year is, instead, to be calculated by applying the
4 pay-roll tax rate to the total amount of WA taxable
5 wages paid or payable by the employer or by the group
6 members during the year if —
- 7 (a) for a local non-group employer — the total
8 amount of WA taxable wages paid or payable
9 by the employer during the year is equal to or
10 greater than \$7 500 000; or
- 11 (b) for an interstate non-group employer — the
12 total amount of Australian taxable wages paid
13 or payable by the employer during the year is
14 equal to or greater than \$7 500 000; or
- 15 (c) for a group — the total amount of Australian
16 taxable wages paid or payable by the group
17 members during the year is equal to or greater
18 than \$7 500 000.

19 **23G. Annual tax liability for non-group employers:**
20 **part-years in threshold transition period**

- 21 (1) This section applies if the amount of pay-roll tax
22 payable by a non-group employer for part of an
23 assessment year in the threshold transition period (the
24 *part-year*) would, but for this Division, be calculated
25 under the relevant part-year liability provisions.
- 26 (2) If the whole of the part-year is within 1 of the
27 half-years in the assessment year, the amount of
28 pay-roll tax payable by the employer for the part-year
29 is to be calculated in accordance with —
- 30 (a) if the part-year is the whole of the half-year —
31 the relevant whole year liability provisions, as
32 modified by section 23K; or
- 33 (b) otherwise — the relevant part-year liability
34 provisions, as modified by section 23K.

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- 1 (3) If part of the part-year (the *first half-year portion*) is
2 within the first half-year in the assessment year and the
3 remainder of the part-year (the *second half-year*
4 *portion*) is within the second half-year in the
5 assessment year, the amount of pay-roll tax payable by
6 the employer for the part-year is to be calculated by —
- 7 (a) calculating the amount of pay-roll tax payable
8 for each of the first half-year portion and the
9 second half-year portion in accordance with —
- 10 (i) for a half-year portion that is the whole
11 of a half-year — the relevant whole year
12 liability provisions, as modified by
13 section 23K; or
- 14 (ii) otherwise — the relevant part-year
15 liability provisions, as modified by
16 section 23K;
- 17 and
- 18 (b) adding the amounts calculated under
19 paragraph (a) together.
- 20 (4) Despite subsections (2) and (3), the amount of pay-roll
21 tax payable by the employer for the part-year is,
22 instead, to be calculated by applying the pay-roll tax
23 rate to the total amount of WA taxable wages paid or
24 payable by the employer during the part-year if —
- 25 (a) for a local non-group employer — the total
26 amount of WA taxable wages paid or payable
27 by the employer during the part-year is equal to
28 or greater than the relevant apportioned
29 amount; or
- 30 (b) for an interstate non-group employer — the
31 total amount of Australian taxable wages paid
32 or payable by the employer during the part-year
33 is equal to or greater than the relevant
34 apportioned amount.

- 1 (5) For the purposes of subsection (4), the relevant
2 apportioned amount is to be calculated as follows —

$$\$7\,500\,000 \times \frac{P}{Y}$$

3 where —

4 P is the number of days in the part-year;

5 Y is the number of days in the year.

6 **23H. Annual tax liability for groups: part-years in**
7 **threshold transition period**

- 8 (1) This section applies if the amount of pay-roll tax
9 payable by a group for an assessment year in the
10 threshold transition period would, but for this Division,
11 be calculated under the relevant part-year liability
12 provisions by reference to the part of the assessment
13 year (the *part-year*) during which at least 1 member of
14 the group pays or is liable to pay Australian taxable
15 wages as a group member.
- 16 (2) If the whole of the part-year is within 1 of the
17 half-years in the assessment year, the amount of
18 pay-roll tax payable by the group for the assessment
19 year is to be calculated by calculating the amount of
20 pay-roll tax payable for the half-year in accordance
21 with —
- 22 (a) if the part-year is the whole of the half-year —
23 the relevant whole year liability provisions, as
24 modified by section 23K; or
- 25 (b) otherwise — the relevant part-year liability
26 provisions, as modified by section 23K.

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- 1 (3) If part of the part-year is within the first half-year in the
2 assessment year and the remainder of the part-year is
3 within the second half-year in the assessment year, the
4 amount of pay-roll tax payable by the group for the
5 assessment year is to be calculated by —
- 6 (a) calculating the amount of pay-roll tax payable
7 for each half-year in the assessment year in
8 accordance with —
- 9 (i) for a half-year that is wholly included in
10 the part-year — the relevant whole year
11 liability provisions, as modified by
12 section 23K; or
- 13 (ii) otherwise — the relevant part-year
14 liability provisions, as modified by
15 section 23K;
- 16 and
- 17 (b) adding the amounts calculated under
18 paragraph (a) together.
- 19 (4) Despite subsections (2) and (3), if the total amount of
20 Australian taxable wages paid or payable by the group
21 members during the part-year is equal to or greater than
22 the relevant apportioned amount, the amount of
23 pay-roll tax payable by the group for the assessment
24 year is, instead, to be calculated by applying the
25 pay-roll tax rate to the total amount of WA taxable
26 wages paid or payable by the group members during
27 the part-year.
- 28 (5) For the purposes of subsection (4), the relevant
29 apportioned amount is to be calculated as follows —

$$\$7\,500\,000 \times \frac{P}{Y}$$

1 where —

2 P is the number of days in the part-year;

3 Y is the number of days in the year.

4 **23I. Tax payable with progressive returns in threshold**
5 **transition period**

6 (1) The amount of pay-roll tax payable by a local
7 non-group employer for a progressive return period or
8 for part of a progressive return period (the *period or*
9 *part-period*) in an assessment year in the threshold
10 transition period is to be calculated under whichever of
11 subsection (2) or (3) is applicable.

12 (2) If the whole of the period or part-period is within 1 of
13 the half-years in the assessment year, the amount of
14 pay-roll tax payable by the employer for the period or
15 part-period is to be calculated in accordance with the
16 relevant return period liability provisions, as modified
17 by section 23K.

18 (3) If part of the period or part-period (the *first return*
19 *period portion*) is within the first half-year in the
20 assessment year and the remainder of the period or
21 part-period (the *second return period portion*) is
22 within the second half-year in the assessment year, the
23 amount of pay-roll tax payable by the employer for the
24 period or part-period is to be calculated by —

25 (a) calculating the amount of pay-roll tax payable
26 for each of the first return period portion and
27 the second return period portion in accordance
28 with section 23J; and

29 (b) adding the amounts calculated under
30 paragraph (a) together.

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- 1 (4) The amount of pay-roll tax payable by an interstate
2 non-group employer or a member of a group for a
3 progressive return period in an assessment year in the
4 threshold transition period is to be calculated in
5 accordance with the relevant return period liability
6 provisions, as modified by section 23K.
- 7 **23J. Tax payable for return period portions: local**
8 **non-group employers**
- 9 (1) For the purposes of section 23I(3), the amount of
10 pay-roll tax payable by a local non-group employer for
11 a part of a period or part-period referred to in that
12 section (the *return period portion*) that is within a
13 half-year in the threshold transition period is —
- 14 (a) if the total amount of WA taxable wages paid
15 or payable by the employer during the return
16 period portion is less than or equal to the
17 apportioned threshold amount for the return
18 period portion — nil; or
- 19 (b) if the total amount of WA taxable wages paid
20 or payable by the employer during the return
21 period portion is equal to or greater than the
22 apportioned upper threshold amount for the
23 return period portion — the amount calculated
24 by applying the pay-roll tax rate to the total
25 amount of WA taxable wages paid or payable
26 by the employer during the return period
27 portion; or
- 28 (c) otherwise — the amount calculated by applying
29 the pay-roll tax rate to the amount equal to the
30 difference between —
- 31 (i) the total amount of WA taxable wages
32 paid or payable by the employer during
33 the return period portion; and

- 1 (ii) the deductible amount for the employer
2 for the return period portion calculated
3 in accordance with subsection (2).
- 4 (2) For the purposes of subsection (1)(c)(ii), the deductible
5 amount for the employer for the return period portion is
6 to be calculated as follows —
- $AT - [(W - AT) \times TV]$
- 7 where —
- 8 AT is the apportioned threshold amount for the return
9 period portion;
- 10 TV is the tapering value for the half-year;
- 11 W is the total amount of WA taxable wages paid or
12 payable by the employer during the return period
13 portion.
- 14 (3) For the purposes of subsections (1) and (2), the
15 apportioned threshold amount for a return period
16 portion is to be calculated as follows —
- $N \times MT \times \frac{D}{P}$
- 17 where —
- 18 N is the number of months in the relevant
19 progressive return period that are within the
20 half-year;
- 21 MT is the monthly threshold amount for the half-year;
- 22 D is the number of days in the return period portion
23 during which WA taxable wages were paid or
24 payable by the employer;
- 25 P is the number of days in the relevant progressive
26 return period that are within the half-year.

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- 1 (4) For the purposes of subsection (1)(b), the apportioned
2 upper threshold amount for a return period portion is to
3 be calculated as follows —

$$N \times \left(\frac{UT}{6}\right) \times \left(\frac{D}{P}\right)$$

4 where —

5 N is the number of months in the relevant
6 progressive return period that are within the
7 half-year;

8 UT is the upper threshold amount for the half-year;

9 D is the number of days in the return period portion
10 during which WA taxable wages were paid or
11 payable by the employer;

12 P is the number of days in the relevant progressive
13 return period that are within the half-year.

14 **23K. Modified application of relevant liability provisions**

15 (1) In this section —
16 *relevant liability provisions* means the relevant whole
17 year liability provisions, the relevant part-year liability
18 provisions and the relevant return period liability
19 provisions.

20 (2) For the purposes of sections 23F(2), 23G(2) and (3),
21 23H(2) and (3) and 23I(2) and (4), the relevant liability
22 provisions apply as if a reference to a period or amount
23 set out in an item of the Table in column 1 were a
24 reference to the period or amount set out in column 2
25 opposite that item.

1

Table

Column 1	Column 2
an assessment year	a half-year in the threshold transition period
the assessment year	the half-year
the year	the half-year
the part-year	the half-year portion
the whole assessment year	the whole half-year
the annual threshold amount for the year	the threshold amount for the half-year
the monthly threshold amount for the year	the monthly threshold amount for the half-year
the upper threshold amount for the year	the upper threshold amount for the half-year
the tapering value for the year	the tapering value for the half-year

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- (3) Despite subsection (2), section 12(2) applies for the purposes of section 23I(2) as if a reference in that section to the upper threshold amount for the year were a reference to \$7 500 000.
- (4) Subsection (5) applies if —
- (a) an interstate non-group employer or a member of a group is required to lodge a return for a progressive return period that is in an assessment year in the threshold transition period; and

s. 5

- 1 (b) the progressive return period is partly within
2 the first half-year in the assessment year and
3 partly within the second half-year in the
4 assessment year.
- 5 (5) Despite subsection (2), sections 15 and 19 apply for the
6 purposes of section 23I(4) as if they required the
7 Commissioner to nominate a deduction for the
8 employer or group in relation to the progressive return
9 period rather than in relation to a half-year.
- 10 **23L. Adjustment for application of half-year thresholds**
- 11 (1) This section applies if —
- 12 (a) a calculation is made under section 23F, 23G
13 or 23H of the amount of pay-roll tax (the
14 **relevant amount**) payable by an employer or
15 group for an assessment year, or part of an
16 assessment year, in the threshold transition
17 period; and
- 18 (b) the relevant amount is greater than the amount
19 of pay-roll tax that would have been payable
20 for the year or part-year if —
- 21 (i) the amount payable had been calculated
22 under the applicable provisions of
23 Division 2 or 3 and not under
24 section 23F, 23G or 23H; and
- 25 (ii) the threshold amounts used for the
26 purposes of that calculation were the
27 applicable amounts set out in the Table.

1

Table

	2019-20 assessment year	2020-21 assessment year
Annual threshold amount	\$850 000	\$950 000
Monthly threshold amount	\$70 833	\$79 167
Upper threshold amount	\$7 500 000	\$7 500 000

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(2) Despite whichever of section 23F, 23G or 23H is applicable, the amount of pay-roll tax payable by the employer or group for the assessment year or part-year is the amount calculated as referred to in subsection (1)(b).

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(3) Section 22 does not apply in relation to an assessment year in the threshold transition period.

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23M. Annual reconciliation in threshold transition period

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(1) Section 16 applies in relation to an assessment year in the threshold transition period as if —

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(a) the references to section 11 or 15 were references to section 23I; and

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14

(b) the references to section 10 or 13 were references to section 23F or 23G or (if applicable) section 23L.

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(2) Section 20 applies in relation to an assessment year in the threshold transition period as if —

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(a) the references to section 19 were references to section 23I; and

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s. 6

- 1 (b) the references in section 20(1) and (2) to
2 section 17 were references to section 23F or
3 23H or (if applicable) section 23L.
4

5 **6. Section 43 amended**

6 In section 43(10) delete “Part 2 Division 3,” and insert:
7

8 Part 2 Division 3 or 6,
9

10 **7. Schedule 1 Division 8 inserted**

11 At the end of Schedule 1 insert:
12

13 **Division 8 — Provisions for *Pay-roll Tax Assessment***
14 ***Amendment (Thresholds) Act 2019***

15 **22. Amendments apply to financial years beginning on or**
16 **after 1 July 2019**

17 The amendments made by the *Pay-roll Tax Assessment*
18 *Amendment (Thresholds) Act 2019* apply in relation to
19 financial years that begin on or after 1 July 2019.
20

21 **8. Glossary amended**

22 (1) In the Glossary clause 1 delete the definitions of:

23 *monthly threshold amount*

24 *tapering value*

25 *upper threshold amount*

26 (2) In the Glossary clause 1 insert in alphabetical order:
27

28 *half-year* means a period of 6 months beginning on
29 1 January or 1 July;

- 1 **monthly threshold amount** means —
- 2 (a) for a financial year — the amount fixed as the
- 3 monthly threshold amount for the financial year
- 4 under section 8(2); or
- 5 (b) for a half-year in the threshold transition period —
- 6 the amount fixed as the monthly threshold amount
- 7 for the half-year under section 7A(2);
- 8 **tapering value** means —
- 9 (a) for a financial year — the tapering value for the
- 10 financial year calculated in accordance with
- 11 section 8(4); or
- 12 (b) for a half-year in the threshold transition period —
- 13 the tapering value for the half-year calculated in
- 14 accordance with section 7A(4);
- 15 **threshold amount**, for a half-year in the threshold transition
- 16 period, means the threshold amount fixed for the half-year
- 17 under section 7A(1);
- 18 **threshold transition period** means the period beginning on
- 19 1 July 2019 and ending on 30 June 2021;
- 20 **upper threshold amount** means —
- 21 (a) for a financial year — the amount fixed for the
- 22 financial year under section 8(3); or
- 23 (b) for a half-year in the threshold transition period —
- 24 the amount fixed for the half-year under
- 25 section 7A(3);
- 26

27 **9. Various references to “upper threshold amount” amended**

28 In the provisions listed in the Table after “the upper threshold

29 amount” insert:

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31 for the year

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s. 9

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Table

s. 10(1)(b)	s. 11A(2)
s. 12(2)	s. 13(2)(b)
s. 14(2)	s. 17(2)(b)
s. 18(2)	

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