

Victorian Payroll Tax Update

The Association for Payroll Specialists

Friday 6 August 2010



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Rates & Thresholds

Current rate (from 1 July 2010) = 4.9%

Threshold – Annual = \$550,000 (\$45,833 monthly)

Nexus

‘Harmonised’ approach

Where is the work performed?

1. Solely in one state – tax payable in that state
2. In more than 1 state (inc overseas)
 1. In state where employee’s principal residence (PPR) exists
 2. If no principal residence – location of employers ABN
 3. If no PPR or ABN – State where payment received
 4. If none of the above – taxable where work ‘mainly’ performed



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Common mistakes – monthly returns

- Where's my June return?
- Failure to lodge 'NIL' returns – DEFAULT ASSESSMENTS
- Amending past returns – replacement overrides original
- Interstate wages are not required monthly
- Interstate employers get a partial deduction
- Groups – returns from each member
 - Scheduled groups – 1 return for entire group



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Common mistakes – annual returns

- Deduction calculations
 - Interstate wages
 - Days employed during the year
- Inclusion of **exempt** wages
- Groups
 - Each member to lodge return (except 'schedule group')
 - Nomination of DGE from State to State
- Lodging late!!!!!! – **Don't do it**
 - Penalties & interest are punitive



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Update – Contractor Provisions

- What is a contractor?
 - Provides you with ‘labour’
 - Is NOT an employee!
- Anti-avoidance measures
 - The provisions trigger a liability
 - You then need to find a way (legitimately) out – 9 ways
- Exclusions
 - 3 types of services
 - 6 general exemptions



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Update – Grouping Provisions

- What is a group?
 - Holding/Subsidiary
 - Common control
 - Interuse of employee(s)
- Anti-avoidance measure
 - The provisions group first and ask questions later
 - Discretion available re: common control and interuse



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