



Western Australia

Pay-roll Tax Assessment Amendment (Thresholds) Act 2020

As at 06 Apr 2020

No. 6 of 2020

Published on www.legislation.wa.gov.au

Pay-roll Tax Assessment Amendment (Thresholds) Act 2020

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Western Australia

Pay-roll Tax Assessment Amendment (Thresholds) Act 2020

No. 6 of 2020

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

[Assented to 6 April 2020]

The Parliament of Western Australia enacts as follows:

1. Short title

This is the *Pay-roll Tax Assessment Amendment (Thresholds) Act 2020*.

2. Commencement

This Act comes into operation as follows —

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

3. Act amended

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

4. Section 8 replaced

Delete section 8 and insert:

7A. Tax thresholds and tapering value: half-years in financial year beginning 1 July 2019

- (1) The threshold amount for a half-year in the financial year beginning on 1 July 2019 is as follows —
 - (a) for the half-year beginning on 1 July 2019 — \$425 000;
 - (b) for the half-year beginning on 1 January 2020 — \$475 000.
- (2) The monthly threshold amount for a half-year in the financial year beginning on 1 July 2019 is as follows —
 - (a) for the half-year beginning on 1 July 2019 — \$70 833;

- (b) for the half-year beginning on 1 January 2020 — \$79 167.
- (3) The upper threshold amount for a half-year in the financial year beginning on 1 July 2019 is \$3 750 000.
- (4) The tapering value for a half-year in the financial year beginning on 1 July 2019 is to be calculated as follows —

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

where —

HT is the threshold amount for the half-year;

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

Note for this section:

Division 6 sets out special provisions for determining liability for pay-roll tax using the tax thresholds and tapering values that apply to half-years in the financial year beginning on 1 July 2019.

8. Tax thresholds and tapering value: financial years beginning on or after 1 July 2020

- (1) The annual threshold amount for a financial year beginning on or after 1 July 2020 is \$1 000 000.
- (2) The monthly threshold amount for a financial year beginning on or after 1 July 2020 is \$83 333.
- (3) The upper threshold amount for a financial year beginning on or after 1 July 2020 is \$7 500 000.
- (4) The tapering value for a financial year beginning on or after 1 July 2020 is to be calculated as follows —

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

s. 5

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 assessment year beginning 1 July 2019

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)

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

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

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

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

23E. Application of Division

- (1) The amount of pay-roll tax payable by an employer or group for the assessment year beginning on 1 July 2019, for part of that assessment year, or for a progressive return period or part of a progressive return period in that assessment year, is to be calculated under this Division.
- (2) Divisions 2 and 3 apply for the purposes of a calculation referred to in subsection (1) only to the extent and with the modifications provided for in this Division.

23F. Annual tax liability: whole of assessment year beginning 1 July 2019

- (1) This section applies if the amount of pay-roll tax payable by an employer or group for the assessment year beginning on 1 July 2019 would, but for this Division, be calculated under the relevant whole year liability provisions.
- (2) The amount of pay-roll tax payable by the employer or group for the assessment year is to be calculated by —
 - (a) calculating the amount of pay-roll tax payable for each half-year in the assessment year in accordance with the relevant whole year liability provisions, as modified by section 23K; and
 - (b) adding the amounts calculated under paragraph (a) together.
- (3) Despite subsection (2), the amount of pay-roll tax payable by the employer or group for the assessment year is, instead, to be calculated by applying the pay-roll tax rate to the total amount of WA taxable

wages paid or payable by the employer or by the group members during the year if —

- (a) for a local non-group employer — the total amount of WA taxable wages paid or payable by the employer during the year is equal to or greater than \$7 500 000; or
- (b) for an interstate non-group employer — the total amount of Australian taxable wages paid or payable by the employer during the year is equal to or greater than \$7 500 000; or
- (c) for a group — the total amount of Australian taxable wages paid or payable by the group members during the year is equal to or greater than \$7 500 000.

23G. Annual tax liability for non-group employers: part-years in assessment year beginning 1 July 2019

- (1) This section applies if the amount of pay-roll tax payable by a non-group employer for part of the assessment year beginning on 1 July 2019 (the *part-year*) would, but for this Division, be calculated under the relevant part-year liability provisions.
- (2) If the whole of the part-year is within 1 of the half-years in the assessment year, the amount of pay-roll tax payable by the employer for the part-year is to be calculated in accordance with —
 - (a) if the part-year is the whole of the half-year — the relevant whole year liability provisions, as modified by section 23K; or
 - (b) otherwise — the relevant part-year liability provisions, as modified by section 23K.
- (3) If part of the part-year (the *first half-year portion*) is within the first half-year in the assessment year and the remainder of the part-year (the *second half-year*

portion) is within the second half-year in the assessment year, the amount of pay-roll tax payable by the employer for the part-year is to be calculated by —

- (a) calculating the amount of pay-roll tax payable for each of the first half-year portion and the second half-year portion in accordance with —
 - (i) for a half-year portion that is the whole of a half-year — the relevant whole year liability provisions, as modified by section 23K; or
 - (ii) otherwise — the relevant part-year liability provisions, as modified by section 23K;

and

- (b) adding the amounts calculated under paragraph (a) together.
- (4) Despite subsections (2) and (3), the amount of pay-roll tax payable by the employer for the part-year is, instead, to be calculated by applying the pay-roll tax rate to the total amount of WA taxable wages paid or payable by the employer during the part-year if —
- (a) for a local non-group employer — the total amount of WA taxable wages paid or payable by the employer during the part-year is equal to or greater than the relevant apportioned amount; or
 - (b) for an interstate non-group employer — the total amount of Australian taxable wages paid or payable by the employer during the part-year is equal to or greater than the relevant apportioned amount.

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

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

where —

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

Y is the number of days in the year.

23H. Annual tax liability for groups: part-years in assessment year beginning 1 July 2019

- (1) This section applies if the amount of pay-roll tax payable by a group for the assessment year beginning on 1 July 2019 would, but for this Division, be calculated under the relevant part-year liability provisions by reference to the part of the assessment year (the *part-year*) during which at least 1 member of the group pays or is liable to pay Australian taxable wages as a group member.
- (2) If the whole of the part-year is within 1 of the half-years in the assessment year, the amount of pay-roll tax payable by the group for the assessment year is to be calculated by calculating the amount of pay-roll tax payable for the half-year in accordance with —
- (a) if the part-year is the whole of the half-year — the relevant whole year liability provisions, as modified by section 23K; or
 - (b) otherwise — the relevant part-year liability provisions, as modified by section 23K.

- (3) If part of the part-year is within the first half-year in the assessment year and the remainder of the part-year is within the second half-year in the assessment year, the amount of pay-roll tax payable by the group for the assessment year is to be calculated by —
- (a) calculating the amount of pay-roll tax payable for each half-year in the assessment year in accordance with —
 - (i) for a half-year that is wholly included in the part-year — the relevant whole year liability provisions, as modified by section 23K; or
 - (ii) otherwise — the relevant part-year liability provisions, as modified by section 23K;
- and
- (b) adding the amounts calculated under paragraph (a) together.
- (4) Despite subsections (2) and (3), if the total amount of Australian taxable wages paid or payable by the group members during the part-year is equal to or greater than the relevant apportioned amount, the amount of pay-roll tax payable by the group for the assessment year is, instead, to be calculated by applying the pay-roll tax rate to the total amount of WA taxable wages paid or payable by the group members during the part-year.
- (5) For the purposes of subsection (4), the relevant apportioned amount is to be calculated as follows —

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

where —

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

Y is the number of days in the year.

23I. Tax payable with progressive returns in assessment year beginning 1 July 2019

- (1) The amount of pay-roll tax payable by a local non-group employer for a progressive return period or for part of a progressive return period (the *period or part-period*) in the assessment year beginning on 1 July 2019 is to be calculated under whichever of subsection (2) or (3) is applicable.
- (2) If the whole of the period or part-period is within 1 of the half-years in the assessment year, the amount of pay-roll tax payable by the employer for the period or part-period is to be calculated in accordance with the relevant return period liability provisions, as modified by section 23K.
- (3) If part of the period or part-period (the *first return period portion*) is within the first half-year in the assessment year and the remainder of the period or part-period (the *second return period portion*) is within the second half-year in the assessment year, the amount of pay-roll tax payable by the employer for the period or part-period is to be calculated by —
 - (a) calculating the amount of pay-roll tax payable for each of the first return period portion and the second return period portion in accordance with section 23J; and
 - (b) adding the amounts calculated under paragraph (a) together.

- (4) The amount of pay-roll tax payable by an interstate non-group employer or a member of a group for a progressive return period in the assessment year beginning on 1 July 2019 is to be calculated in accordance with the relevant return period liability provisions, as modified by section 23K.

23J. Tax payable for return period portions: local non-group employers

- (1) For the purposes of section 23I(3), the amount of pay-roll tax payable by a local non-group employer for a part of a period or part-period referred to in that section (the *return period portion*) that is within a half-year in the assessment year beginning on 1 July 2019 is —
 - (a) if the total amount of WA taxable wages paid or payable by the employer during the return period portion is less than or equal to the apportioned threshold amount for the return period portion — nil; or
 - (b) if the total amount of WA taxable wages paid or payable by the employer during the return period portion is equal to or greater than the apportioned upper threshold amount for the return period portion — the amount calculated by applying the pay-roll tax rate to the total amount of WA taxable wages paid or payable by the employer during the return period portion; or
 - (c) otherwise — the amount calculated by applying the pay-roll tax rate to the amount equal to the difference between —
 - (i) the total amount of WA taxable wages paid or payable by the employer during the return period portion; and

(ii) the deductible amount for the employer for the return period portion calculated in accordance with subsection (2).

(2) For the purposes of subsection (1)(c)(ii), the deductible amount for the employer for the return period portion is to be calculated as follows —

$$AT - [(W - AT) \times TV]$$

where —

AT is the apportioned threshold amount for the return period portion;

TV is the tapering value for the half-year;

W is the total amount of WA taxable wages paid or payable by the employer during the return period portion.

(3) For the purposes of subsections (1) and (2), the apportioned threshold amount for a return period portion is to be calculated as follows —

$$N \times MT \times \frac{D}{P}$$

where —

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

MT is the monthly threshold amount for the half-year;

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

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

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

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

where —

- N is the number of months in the relevant progressive return period that are within the half-year;
- UT is the upper threshold amount for the half-year;
- D is the number of days in the return period portion during which WA taxable wages were paid or payable by the employer;
- P is the number of days in the relevant progressive return period that are within the half-year.

23K. Modified application of relevant liability provisions

- (1) In this section —
relevant liability provisions means the relevant whole year liability provisions, the relevant part-year liability provisions and the relevant return period liability provisions.
- (2) For the purposes of sections 23F(2), 23G(2) and (3), 23H(2) and (3) and 23I(2) and (4), the relevant liability provisions apply as if a reference to a period or amount set out in an item of the Table in column 1 were a reference to the period or amount set out in column 2 opposite that item.

Table

Column 1	Column 2
an assessment year	a half-year in the assessment year beginning on 1 July 2019
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

- (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 the assessment year beginning on 1 July 2019; and

- (b) the progressive return period is partly within the first half-year in the assessment year and partly within the second half-year in the assessment year.
- (5) Despite subsection (2), sections 15 and 19 apply for the purposes of section 23I(4) as if they required the Commissioner to nominate a deduction for the employer or group in relation to the progressive return period rather than in relation to a half-year.

23L. Adjustment for application of half-year thresholds

- (1) This section applies if —
 - (a) a calculation is made under section 23F, 23G or 23H of the amount of pay-roll tax (the *relevant amount*) payable by an employer or group for the assessment year beginning on 1 July 2019 or part of that assessment year; and
 - (b) the relevant amount is greater than the amount of pay-roll tax that would have been payable for the year or part-year if —
 - (i) the amount payable had been calculated under the applicable provisions of Division 2 or 3 and not under section 23F, 23G or 23H; and
 - (ii) the threshold amounts used for the purposes of that calculation were the applicable amounts set out in the Table.

Table

Annual threshold amount	\$850 000
Monthly threshold amount	\$70 833
Upper threshold amount	\$7 500 000

- (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).
- (3) Section 22 does not apply in relation to the assessment year beginning on 1 July 2019.

23M. Annual reconciliation for assessment year beginning 1 July 2019

- (1) Section 16 applies in relation to the assessment year beginning on 1 July 2019 as if —
- (a) the references to section 11 or 15 were references to section 23I; and
 - (b) the references to section 10 or 13 were references to section 23F or 23G or (if applicable) section 23L.
- (2) Section 20 applies in relation to the assessment year beginning on 1 July 2019 as if —
- (a) the references to section 19 were references to section 23I; and
 - (b) the references in section 20(1) and (2) to section 17 were references to section 23F or 23H or (if applicable) section 23L.

6. Section 43 amended

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

Part 2 Division 3 or 6,

7. Schedule 1 Division 8 inserted

At the end of Schedule 1 insert:

Division 8 — Provisions for *Pay-roll Tax Assessment Amendment (Thresholds) Act 2020*

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

The amendments made by the *Pay-roll Tax Assessment Amendment (Thresholds) Act 2020* apply in relation to financial years that begin on or after 1 July 2019.

8. Glossary amended

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

monthly threshold amount

tapering value

upper threshold amount

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

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

monthly threshold amount means —

- (a) for a financial year — the amount fixed as the monthly threshold amount for the financial year under section 8(2); or

- (b) for a half-year in the financial year beginning on 1 July 2019 — the amount fixed as the monthly threshold amount for the half-year under section 7A(2);

tapering value means —

- (a) for a financial year — the tapering value for the financial year calculated in accordance with section 8(4); or
- (b) for a half-year in the financial year beginning on 1 July 2019 — the tapering value for the half-year calculated in accordance with section 7A(4);

threshold amount, for a half-year in the financial year beginning on 1 July 2019, means the threshold amount fixed for the half-year under section 7A(1);

upper threshold amount means —

- (a) for a financial year — the amount fixed for the financial year under section 8(3); or
- (b) for a half-year in the financial year beginning on 1 July 2019 — the amount fixed for the half-year under section 7A(3);

9. Various references to “upper threshold amount” amended

In the provisions listed in the Table after “the upper threshold amount” insert:

for the year

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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