

TAX TALKS

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24 | NSW Payroll Tax Exemptions And Rebates

NSW payroll tax exemptions and rebates are specific to NSW. While Australia harmonised most of its payroll tax system in 2007, this didn't include exemptions and rebates. So for payroll tax exemptions and rebates we need to look at each Australian state and territory separately.

NSW Payroll Tax Exemptions and Rebates

When Australia harmonised its payroll tax system in 2007, it deliberately didn't harmonise payroll tax exemptions and rebates. Exemptions and rebates allow a state or territory to stimulate or throttle its local economy and employment as it sees fit. So here are the exemptions and rebates for New South Wales.

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Exemptions

There are two types of exemptions – employer-based exemptions and employee-based exemptions.

Employer-based exemptions give the employer an exemption based on the nature of the employer organisation and the work performed by its employees.

Employee based exemptions on the other hand give the employer an exemption for an employee's special circumstances such as maternity leave.

Employer-based exemptions

Benevolent institutions, religious institutions and non profit organisations with sole or dominant charitable or benevolent, philanthropic or patriotic purposes are exempt from payroll tax. Such organisations usually have all or almost all of their wages exempt ("exempt organisations").

Other organisations with wholly or mostly exempt wages include non profit, non government primary or secondary schools or colleges, public hospitals, non profit private hospitals as well local cities, shires and municipalities (with some exceptions).

Employee-based exemptions

There are three employee-based exemptions: parental, emergency and military leave.

Employers receive an exemption for up to 14 weeks of paid maternity, paternity and adoption leave.

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Wages paid to staff while taking part in volunteer bushfire, rural fire brigade or emergency operations are also exempt, as long as they don't include recreation, long service or sick leave.

Employers who provide paid military leave to members of the defence forces including the reserves, also receive an exemption for such payments. There is one main difference to the other two exemptions. For military service the exemption also covers recreation, long service and sick leave.

Rebates

There are two rebates in NSW: the apprentice/trainee rebate as well as the Job Action Plan rebate.

Employers receive a rebate for wages paid to apprentices and new entrant trainees.

There is one additional condition for trainees. Trainees must have started employment within a certain period before beginning work as a trainee. The maximum period is three months for full time and 12 months for casual or part time trainees.

The Jobs Action Plan rebate also gives employers an additional payroll tax rebate for each new employee hired in NSW. This rebate is currently up to \$6,000. Employers receive the rebate in two parts after the 1st and second anniversary of employment. To qualify, you need to register each new position within 30 days after the employment of a person in that position commences.

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