

FACT SHEET

Payroll tax exemption for additional payments made under the JobKeeper program

As we face coronavirus, the Victorian Government has recently announced new payroll tax exemptions to help ensure more money in the pockets of businesses, and greater incentive to keep workers on.

What is the exemption?

For employers participating in the Commonwealth Government's JobKeeper program, "additional payments" you make to employees are now exempt from payroll tax.

For payments to employees that have been stood down, the full \$1 500 per fortnight is exempt.

The additional payments are also excluded for the purposes of calculating WorkCover Premiums.

Am I eligible for the exemption?

All employers that are registered for payroll tax and make "additional payments" as part of the JobKeeper program are eligible for the exemption.

How do I calculate my additional payments?

To receive JobKeeper payments, employers must pay a minimum of \$1 500 per fortnight to all eligible employees.

If you are receiving JobKeeper payments for employees, you need to make "additional payments" to the following employees to ensure they receive the mandatory minimum of \$1 500 per fortnight:

- employees who have been stood down – in which case, the full \$1 500 is "additional"
- employees who would, in the absence of the JobKeeper program, be paid less than \$1 500 per fortnight – in which case, the *difference* between these amounts is "additional".

You are exempt from paying payroll tax on these additional payments.

Do I need to apply for the exemption?

No. You do not need to apply or seek approval for the exemption. You can self-assess whether payments are exempt as part of your existing payroll tax arrangements.

Consistent with usual payroll tax arrangements, you will be responsible for maintaining accurate records and providing evidence to the State Revenue Office (SRO) if required to reconcile that you have paid the correct amount of tax.

Am I eligible for the JobKeeper program?

JobKeeper eligibility is set by the Commonwealth Government. You should review these requirements on the Australian Taxation Office website at ato.gov.au/general/JobKeeper-Payment.

How much will this save businesses?

The majority of the 41 000 businesses registered for payroll tax in Victoria are expected to benefit from this exemption, providing an estimated \$225 million in tax relief over the six months JobKeeper payments are scheduled to operate.

Businesses will also save an estimated \$200 million over the six months from the payments being excluded for the purposes of calculating WorkCover Premiums.

For more information on this and other coronavirus tax relief measures visit sro.vic.gov.au/coronavirus.

Cameos

Example 1: I have an employee who has been stood down

Patrick has been stood down. Patrick's employer receives the JobKeeper payment for him and must pay him \$1 500 per fortnight.

To help make it easier for Patrick's employer to keep him on, the entire \$1 500 per fortnight paid to Patrick is an additional payment and is exempt from payroll tax.

Example 2: I have an employee who is ordinarily paid less than \$1 500 per fortnight

Olivia was working part time and earning \$1 000 per fortnight before the JobKeeper program was introduced. Olivia continues to work the same hours.

Olivia's employer now receives the JobKeeper payment for her and must pay her an additional \$500 per fortnight – a total of \$1 500 per fortnight.

To ensure her employer isn't being asked to pay additional payroll tax, the additional payment of \$500 is exempt from payroll tax. Olivia's normal fortnightly wage of \$1 000 is not exempt from payroll tax.

Example 3: I have an employee who is ordinarily paid more than \$1 500 per fortnight but their pay has been reduced to less than \$1 500 per fortnight

Priya was earning \$1 800 per fortnight before the JobKeeper program was introduced. As a result of the coronavirus pandemic, Priya's hours have been reduced and her fortnightly wage is now \$1 200 per fortnight.

Priya's employer receives the JobKeeper payment for her and must pay her an additional \$300 per fortnight – a total of \$1 500 per fortnight.

The additional payment of \$300 is exempt from payroll tax. The remaining \$1 200 of Priya's fortnightly wage is not exempt from payroll tax.

Example 4: I have an employee who is currently paid more than \$1 500 per fortnight

Quinn currently earns \$1 800 per fortnight. Consistent with the health restrictions, he continues to work and is paid his normal wage. He also takes a week of paid annual leave at his normal wage.

Quinn's employer qualifies for the JobKeeper program and receives the JobKeeper payment for him.

No part of Quinn's wage is exempt from payroll tax.

Example 5: I have an employee who is not an eligible employee under the JobKeeper program

Rachel is a casual worker who has been working for her current employer for three months and earns \$800 per fortnight. Rachel's employer is not eligible to receive the JobKeeper payment for her.

No part of Rachel's wage is exempt from payroll tax.