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Increase in exemption threshold from 1/1/98—range for deduction—employers and groups who are eligible.

Increase in exemption threshold

On 1 January 1998, the exemption threshold increases from \$800,000 to \$850,000.

The increase in mid-year results in an overall exemption of \$825,000 for 1997/98:

1 July 1997 to 31 December 1997 ▼	1 January 1998 to 30 June 1998 ▼	1997/98 overall exemption \$825,000
\$800,000 p.a.	\$850,000 p.a.	

Range for deduction

Once wages exceed the exemption, tax is payable. However, because the deduction reduces progressively, some deduction remains claimable until wages reach \$3,300,000. At \$3,300,000 the deduction is zero; wages are taxed in full at 5%.

The deduction \$825,000 reduces by \$1 for every \$3 of wages over the exemption. This results in a range for deduction as shown below.

1997/98

Exemption threshold	Range for deduction	Zero deduction
\$825,000	\$825,001 to \$3,299,999	\$3,300,000 and higher

cont'd over →

Are you now eligible to claim a deduction?

If you are presently paying tax at flat 5%, you may wish to review whether you are now eligible to claim a deduction from taxable wages. Check the eligibility tables below. Find your employer category A, B, C, or D. The eligibility for each category is shown alongside.

A	Queensland employer; not a member of a group of employers	Eligible if:	1997/98 wages are below \$825,000 (exemption threshold); or between \$825,001 and \$3,299,999 (range for deduction).
	If you are now eligible, please calculate your deduction in returns from and including January 1998 , using the new exemption threshold. Please follow the example on page 4.		
B	Queensland employer; member of a group of employers	One member of the group is eligible if:	1997/98 Australian wages of the group are below \$825,000 (exemption threshold); or between \$825,001 and \$3,299,999 (range for deduction).
	To designate one member, please complete and lodge a form PR4 Designation of Group Employer.		
C	Queensland & other States employer; not a member of a group of employers	Eligible if:	1997/98 Australian wages are below \$825,000 (exemption threshold); or between \$825,001 and \$3,299,999 (range for deduction).
	If you are now eligible, please complete and lodge a form PR1 Nomination of Amount of Deduction.		
D	Queensland & other States employer; member of a group of employers	One member of the group is eligible if:	1997/98 Australian wages of the group are below \$825,000 (exemption threshold); or between \$825,001 and \$3,299,999 (range for deduction).
	To designate one member, please complete and lodge a form PR4 Designation of Group Employer.		

If you already claim a deduction

Please read the item which applies to you:

- **You only employ in Queensland and are not grouped with other employers:**

Continue to calculate your deduction in each return, as at present. From and including the return for January 1998, calculate your deduction using the new exemption threshold. An example of the calculation is shown on page 4 of this bulletin.

or

- **There is a deduction amount printed on the return you receive:**

We have adjusted the deduction using the overall exemption of \$825,000 for 1997/98. Please continue to claim the printed amount. If any change is necessary, we will notify you. If your wages (or those of your group of employers) change significantly, notify us. We may need to review the amount of deduction you can claim.

Example of deduction calculation

The example on this page applies only to the type of employer shown	Pays taxable wages in Queensland	<input type="checkbox"/>	YES
	Pays taxable wages in any other Australian State or Territory	<input type="checkbox"/>	NO
	Member of a group of employers	<input type="checkbox"/>	NO

this calculation applies from 1 January 1998

Calculate the deduction as shown, if the employer:

! employs for the full month of the return, and
! the monthly wages are in the range \$70,833 to \$283,333.

▼ example for January 1998 ▼

Step 1: Subtract the exemption threshold from total taxable wages:

Total Taxable wages (including taxable fringe benefits)	\$158,521
Subtract exemption threshold	\$70,833
	<u>\$87,688</u>

Step 2: Divide answer in step 1 by three:

$$\$87,688 \div 3 = \$29,229$$

Step 3: Subtract answer in step 2 from exemption threshold:

Exemption threshold	\$70,833
Subtract answer step 2	\$29,229
Deduction is	\$41,604

Calculate the tax payable on the return for January 1998:

Total Taxable Wages	\$158,521
Less Deduction	\$41,604
Amount on which tax is payable	\$116,917
	\$ ¢
Tax @ 5%	5,845 85

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