



# Increase in pay-roll tax exemption threshold from 1 July 2006

As announced in the 2006-07 State Budget on 6 June 2006, the pay-roll tax exemption threshold will increase from \$850,000 to \$1 million with effect from 1 July 2006.

There is no change to the current pay-roll tax rate of 4.75%.

## Exemption threshold to 30 June 2006

Pay-roll tax is payable if the total Australian wages paid or payable by an employer or a group of employers exceeds the exemption threshold of \$850,000. If total wages are less than four times the exemption threshold (\$3.4 million), employers may be entitled to claim a deduction from their Queensland taxable wages.

The current exemption threshold of \$850,000 will continue for levying pay-roll tax on taxable wages paid or payable up to 30 June 2006.

The deduction depends on the amount by which the annual wages exceed the exemption threshold. For every \$3 of wages over the exemption threshold, the deduction reduces by \$1. When wages reach four times the exemption threshold, the deduction is zero.

## Exemption threshold from 1 July 2006

The pay-roll tax exemption threshold will increase from \$850,000 to \$1 million for levying pay-roll tax on taxable wages paid or payable on or after 1 July 2006.

Pay-roll tax will now be payable if the total Australian wages paid or payable by an employer or a group of employers exceeds the exemption threshold of \$1 million. If those wages are less than four times the exemption threshold (\$4 million), employers may be entitled to claim a deduction from their Queensland taxable wages.

For employers entitled to claim a deduction the new maximum monthly deduction will be \$83,333 and will reduce by the present taper rate of \$1 for every \$3 by which the month's wages are in excess of \$83,333. The deduction reduces to zero when monthly wages reach \$333,333.

## Exemption threshold changes

Financial year	Tax rate	Exemption threshold		Range for deduction	
		Monthly wages	Annual wages	Monthly	Annual
2005-06	4.75%	\$70,833	\$850,000	\$70,833 to \$283,333	\$850,000 to \$3,400,000
2006-07	4.75%	\$83,333	\$1,000,000	\$83,333 to \$333,333	\$1,000,000 to \$4,000,000.

The Office of State Revenue website and online calculators will be updated on 1 July 2006 to reflect these changes.

Pay-roll tax

## **When to register**

From 1 July 2006, registration is required within seven days after the end of the month in which, for the first time, the total weekly wages of the employer paid or payable anywhere exceeds \$19,230.

## **Do you subscribe?**

By registering for our free email subscription service, you'll receive a short email to let you know when new pay-roll tax information is published on our website.

**Join now at [www.osr.qld.gov.au](http://www.osr.qld.gov.au) under 'Email alert subscriptions'.**

## **Need further information?**

If you would like further information, please contact the Office of State Revenue:

### **Pay-roll Tax**

GPO Box 2248

BRISBANE QLD 4001

Telephone: 1300 300 734

Email: [PayrollTax@osr.treasury.qld.gov.au](mailto:PayrollTax@osr.treasury.qld.gov.au)

Facsimile: (07) 3227 6822

Website: [www.osr.qld.gov.au](http://www.osr.qld.gov.au)