

Four relief measures have been announced by the Victorian Government:

1. Waiving of 2019-20 payroll tax for employers with annual Victorian taxable wages up to \$3 million - announced on 21 March 2020.
2. Exempting additional payments under the JobKeeper program from payroll tax - announced on 5 May 2020.
3. Deferring 2020-21 payroll tax liabilities for employers with Victorian payrolls up to \$10 million, based on their 2019-20 financial year returns, until the 2021-22 financial year - announced on 13 September 2020.
4. Waiving of 2020-21 and 2021-22 payroll tax for eligible employers after applying the New Jobs payroll tax credit - announced in the 2020-21 Budget on 24 November 2020.

1. Waiving of 2019-20 payroll tax for eligible employers

Employers with annual Victorian taxable wages up to \$3 million had their payroll tax for the 2019-20 financial year waived.

Eligible employers had to continue lodging returns but did not need to make further payments for the 2019-20 financial year.

The State Revenue Office directly contacted eligible employers in relation to an emergency tax relief refund of payroll tax already paid in the 2019-20 financial year and they were able to [claim the refund online](#).

The eligibility threshold applied to each employer, so any member of a group that pays Victorian taxable wages of less than \$3 million per annum was eligible for the relief.

2. Exempting additional payments under the JobKeeper program from payroll tax

JobKeeper eligibility requirements are set by the Australian Government and are available on the [Australian Taxation Office website](#).

Any additional payments made to bridge the gap between an employee's normal wage and the \$1500 per fortnight required to qualify for JobKeeper payments are exempt from payroll tax:

- For employees who have come to an agreement with their employer to be stood down and not perform any work, the full \$1500 paid to them is exempt from payroll tax.
- For employees paid less than \$1500 per fortnight, the payroll tax exemption applies to the difference between their wage and the \$1500. For example, to qualify for a JobKeeper payment, an employer must pay an additional \$500 to an employee who earns \$1000 a fortnight. This additional payment of \$500 is exempt from payroll tax.

The additional payments are not included in rateable remuneration for the purposes of calculating WorkCover Premiums. For more information, visit the Worksafe website.

Employers do not need to apply for this emergency relief measure. In line with existing payroll tax arrangements, employers are responsible for:

- Calculating their payroll tax liability and treating the additional payments as exempt wages.
- Lodging monthly returns and paying the relevant payroll tax on taxable wages.
- Maintaining accurate records.
- Providing evidence that the correct amount of tax was paid if requested by the State Revenue Office.

Examples

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 \$1500 per fortnight. To help make it easier for Patrick's employer to keep him on, the entire \$1500 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 \$1500 per fortnight

Olivia was working part time and earning \$1000 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 \$1500 per fortnight. The additional payment of \$500 made by the employer to Olivia is exempt from payroll tax. Olivia's normal fortnightly wage of \$1000 is not exempt from payroll tax.

Example 3 - I have an employee who is ordinarily paid more than \$1500 per fortnight but their pay has been reduced to less than \$1500 per fortnight

Priya was earning \$1800 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 \$1200 per fortnight. Priya's employer receives the JobKeeper payment for her and must pay her an additional \$300 per fortnight – a total of \$1500 per fortnight. The additional payment of \$300 is exempt from payroll tax. The remaining \$1200 of Priya's fortnightly wage is not exempt from payroll tax.

Example 4 - I have an employee who is currently paid more than \$1500 per fortnight

Quinn currently earns \$1800 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.

3. Deferring 2020-21 payroll tax liabilities for eligible employers until the 2021-22 financial year

Employers with Victorian payrolls up to \$10 million, based on their 2019-20 financial year annual reconciliation returns, can defer their 2020-21 payroll tax liabilities until the 2021-22 financial year.

This means they can pay their 2020-21 payroll tax liabilities in four quarterly instalments in the 2021-22 financial year:

- Liabilities for July, August and September 2020 will be due on 7 September 2021.
- Liabilities for October, November and December 2020 will be due on 7 December 2021.
- Liabilities for January, February and March 2021 will be due on 7 March 2022.
- Liabilities for April, May and June 2021 will be due on 7 June 2022.

This deferral relief applies to each employer. This means membership of a payroll tax group is not considered in determining whether or not the member's Victorian taxable wages for the 2019-20 financial year exceeded the \$10 million threshold.

To be eligible for this deferral measure, an employer must lodge their:

- 2019-20 financial year annual reconciliation return, and
- monthly payroll tax returns for the months of July 2020 through to June 2021.

4. Waiving of 2020-21 and 2021-22 payroll tax after applying for New Jobs payroll tax credit

Eligible employers will be entitled to a waiver of their 2020-21 and 2021-22 payroll tax after applying the New Jobs payroll tax credit against their liability for each of the financial years (designated financial year).

Eligible employers will receive a credit of 10 cents for every dollar of Victorian taxable wages paid in the relevant designated financial year that are above the previous financial year's wages. The credit will be applied against the employer's payroll tax liabilities at the end of the relevant designated financial year. The waiver may partially or fully extinguish the payroll tax liability for an eligible employer for the designated year.

An employer or a group of employers is eligible for the relief if their total Australian wages (i.e. Victorian taxable wages plus interstate wages) do not exceed \$10 million in the financial year preceding the designated financial year. There are other eligibility requirements which must be met and this will depend on whether or not the employer is a member of a payroll tax group as at 30 June of the relevant designated financial year.

Non-group employers

For an employer who is not a member of a payroll tax group as at 30 June of the relevant designated financial year, the eligibility requirements are:

1. the employer was an employer as at 30 June of the relevant designated financial year,
2. the employer paid or was liable to pay Australian wages before 1 January of the previous year,
3. the employer's Australian wages in the previous year were no more than \$10 million, and
4. the employer has lodged their annual returns in respect of the designated financial year and the previous financial year.

Eligible non-group employers shall be entitled to a tax credit of 10 cents for each dollar by which their total Victorian taxable wages paid or payable during the designated financial year exceed the total Victorian taxable wages paid or payable by the employer during the previous financial year.

The employer will not have to make a claim for the credit. It will be applied after the employer has lodged their annual return for the designated financial year and any resulting overpayment will be subsequently refunded to the employer.

Examples

Example 6

Delicious Food Cafe is a non-group Victorian employer and paid \$3.5 million in taxable wages in 2019-20. The business pays \$4 million in taxable wages in 2020-21. As its Victorian taxable wages in 2020-21 exceeded its Victorian taxable wages in 2019-20 by \$500,000, the business will be entitled to a New Jobs tax credit of \$50,000. The \$50,000 credit will be applied against its payroll tax liabilities after it has lodged its 2020-21 annual return. This will reduce its payroll tax liability for the designated financial year from \$162,475 to \$112,475 and any resulting overpayment will be refunded to the business.

If a non-group employer, who satisfies requirements in points 2 and 3 above, has opted not to defer payment of their 2020-21 payroll tax liabilities as provided in accordance with the relief measure announced on 13 September 2020, the employer shall be able to defer the payment of their monthly payroll tax liabilities until 21 July of the following financial year in respect of:

- the month during which the employer's Victorian total taxable wages exceed their total Victorian taxable wages paid in the previous year, and
- all following months in the designated financial year.

Example 7

Continuing from example 6, Delicious Food Cafe has opted not to defer payment of their 2020-21 payroll tax liabilities as provided in accordance with the relief measure announced on 13 September 2020. Therefore, the business should continue to lodge and pay its monthly payroll tax returns and pay payroll tax until their 2020-21 taxable wages exceed \$3.5 million. If this occurs during March 2021, the business will be able to defer payment of its March, April and May monthly returns until 21 July 2021. Upon the lodgment of the 2020-21 annual return by Delicious Food Cafe, the tax credit will be applied against its 2020-21 payroll tax liability and any further refund will then be paid. The tax credit cannot exceed the total payroll tax liability for the designated financial year.

Example 8

ABC Hotel is a non-group Victorian regional employer and paid \$2.5 million in taxable wages in 2019-20. The business employed additional workers during 2020-21 and pays \$3 million in taxable wages in 2020-21. As its Victorian taxable wages in 2020-21 exceeded its Victorian taxable wages in 2019-20 by \$500,000, the business will be entitled to a New Jobs tax credit of \$50,000. ABC's payroll tax liability for 2020-21 before the application of the New Jobs tax credit is \$47,470 (i.e. \$3 million less \$650,000 = \$2,350,000 x 2.02%), which is less than the New Jobs tax credit

of \$50,000. In this case, the credit applied will be \$47,470 and ABC will have any payroll tax paid for 2020-21 fully refunded. The excess credit is not refundable and cannot be carried forward to the next financial year.

Group employers

For an employer that constitutes a member of a payroll tax group as at 30 June of the relevant designated financial year, the eligibility is based on the total group Australian wages. The eligibility requirements differ slightly depending on whether or not the membership of the group changed composition during either the designated financial year or the previous financial year.

Groups whose membership has remained constant

Where the composition of the group membership has remained constant during the designated financial year and previous financial year, the eligibility requirements are:

1. At least one member of the group is an employer as at 30 June of the relevant designated financial year.
2. The group paid or was liable to pay Australian wages before 1 January of the previous financial year.
3. The total Australian wages paid or payable during the previous financial year by the group were no more than \$10 million.
4. The group has lodged their annual returns in respect of the designated financial year and the previous financial year.

Eligible groups shall be entitled to a tax credit of 10 cents for each dollar by which the total Victorian taxable wages paid or payable by all the members of the group during the designated financial year exceed the total taxable wages paid or payable by all the members of the group during the previous financial year.

The credit will be applied after all members of the group have lodged their annual returns for the designated financial year and will be applied to the designated group employer's (DGE's) annual return. The resulting overpayment will be refunded to the DGE.

Example 9

ABC Holding Coy Pty Ltd and XYZ Subsidiary Pty Ltd constitute a group as at 30 June 2021. The composition of this group remained unchanged throughout 2019-20 and 2020-21. The group paid \$5 million in taxable wages in 2019-20. The group increased its workforce during 2020-21 and pays \$5.5 million in taxable wages in 2020-21. As the group's Victorian taxable wages in 2020-21 exceeded the group's Victorian taxable wages in 2019-20 by \$500,000, the group will be entitled to a New Jobs tax credit of \$50,000. This will reduce the group's payroll tax liability for 2020-21 from \$235,225 to \$185,225 and any resulting overpayment will be refunded to the DGE.

Groups where the members have changed

Where the composition of the group membership has changed during either the designated financial year or the previous financial year (e.g. the group was previously part of a larger group or one of the members was previously not a member of the group), the eligibility requirements are:

1. At least one of the members of the group is an employer as at 30 June of the designated financial year.
2. At least one members of the group as at 30 June of the designated year paid or was liable to pay Australian wages before 1 January of the previous financial year.
3. The total Australian wages paid or payable during the previous financial year by the members of the group as at 30 June were no more than \$10 million.

4. The members of the group as at 30 June of the designated year have lodged their annual returns in respect of the designated financial year and the previous financial year.

Eligible groups shall be entitled to a tax credit of 10 cents for each dollar by which W1 exceeds W2, where:

- W1 is the sum of:
 - the Victorian taxable wages paid or payable during the designated financial year by each employer who is a member of the group as at 30 June of the designated financial year, and
 - for any employer who was previously a member of the group at any time during the designated financial year or previous financial year, and ceased to employ before 30 June of the designated financial year — the Victorian taxable wages paid or payable during the designated financial year by that employer while they were a member of the group or before they were a member of the group.

- W2 is the sum of:
 - the total Victorian taxable wages paid or payable during the previous financial year by each employer who is a member of the group as at 30 June of the designated financial year; and
 - for any employer who was previously a member of the group at any time during the designated financial year or previous financial year, and ceased to employ before 30 June of the designated financial year — the total Victorian taxable wages paid or payable during the previous financial year by that employer while they were a member of the group or before they were a member of the group.

The credit will be applied, after all the members of the group have lodged their annual returns for the designated financial year, to the designated group employer's (DGE's) annual return. Any resulting overpayment will be refunded to the DGE.

Example 10

ABC Travel Melbourne Pty Ltd and ABC Traveland Pty Ltd constitute a group as at 30 June 2021 and have been a group throughout 2020-21. ABC Travel Mornington Pty Ltd was a member of the group during 2019-20 but it ceased to be a member of the group and ceased employing from 1 July 2020. The group (including ABC Travel Mornington Pty Ltd) paid \$4.5 million in taxable wages in 2019-20. During 2020-21, the

group (i.e. ABC Travel Melbourne Pty Ltd and ABC Traveland Pty Ltd) increased its workforce and pays \$5 million in taxable wages in 2020-21. As the Victorian taxable wages in 2020-21 of the group exceeded its Victorian taxable wages in 2019-20 by \$500,000, the group will be entitled to a New Jobs tax credit of \$50,000. This will reduce the group's payroll tax liability for 2020-21 from \$210,975 to \$160,975 and any resulting overpayment will be refunded to the DGE.

Example 11

Geelong Manufacturing Pty Ltd and Geelong Sales Pty Ltd (both regional employers) constitute a group as at 30 June 2021. They paid Victorian taxable wages totaling \$4 million and \$6.5 million during the 2019-20 and 2020-21 financial years respectively. The two companies were previously part of a larger group, which also included Ballarat Manufacturing Pty Ltd and Ballarat Sales Pty Ltd (also regional employers). Ballarat Manufacturing and Ballarat Sales paid total taxable wages of \$4 million during 2019-20 financial year. These two employers also paid a total taxable wages of \$2 million during 2020-21 financial year but ceased employing and ceased to constitute a group with Geelong Manufacturing and Geelong Sales from 31 December 2020. The group shall be entitled to a tax credit of 10 cents for each dollar by which W1 exceeds W2.

- W1 is made up of the total taxable wages paid by Geelong Manufacturing and Geelong Sales during 2020-21 (\$6.5 million) plus the total taxable wages paid by Ballarat Manufacturing and Ballarat Sales during 2020-21 whilst they were part of the group (\$2million) = \$8.5 million
- W2 is made up of the total taxable wages paid by Geelong Manufacturing and Geelong Sales during 2019-20 (\$4million) plus the total taxable wages paid by Ballarat Manufacturing and Ballarat Sales during 2019-20 whilst they were part of the group (\$4million) = \$8 million

As W1 exceeds W2 by \$500,000, the group will be entitled to a credit of \$50,000. This will reduce the group's payroll tax liability for 2020-21 from \$158,570 to \$108,570 and the resulting overpayment will be refunded to the DGE.

Frequently asked questions about the New Jobs payroll tax credit

Do I need to do anything to claim the New Jobs payroll tax credit?

No. If you are eligible for the credit, it will be applied against your payroll tax liability for the designated year after you have lodged your annual return for that year.

Is my business eligible if my 2019-20 payroll tax was waived?

Yes. Businesses whose Victorian taxable wages were less than \$3 million in 2019-20 financial year and had their tax waived / refunded are eligible if they met the eligibility requirements for the New Jobs payroll tax credit.

Does my business need to increase wages in both years to be eligible for the credit?

No. Eligibility for the New Jobs payroll tax credit in 2020-21 and 2021-22 financial years will be assessed independently. That means you can be eligible for the credit in either year or both years.

Is my business eligible for the New Jobs payroll tax credit if I have chosen to defer my 2020-21 payroll tax liabilities?

Yes. Businesses whose Victorian taxable wages were less than \$10 million in 2019-20 and have chosen to defer their 2020-21 payroll tax payments may still be eligible for the New Jobs payroll tax credit. Any credit earned by a business that chose to defer its 2020-21 payroll tax payments will be deducted from its repayment(s) of payroll tax.

What happens if my New Jobs payroll tax credit is more than my tax liability for the designated financial year?

Your payroll tax bill for the designated financial year will be reduced to zero. Excess New Jobs payroll tax credits are not refundable and are not carried forward to the next designated financial year.

Do I include 'additional wages' required by the JobKeeper Payment scheme when calculating my eligibility for the New Jobs tax credit?

No. Additional wages required by the JobKeeper Payment scheme, such as wages paid to staff stood down or wages above an employee's usual salary, are not taxable wages for the purposes of the New Jobs payroll tax credit. As such, these 'additional wages' are not taken into account.

Do I receive a New Jobs tax credit for increases in interstate wages?

No. The New Jobs tax credit only applies to increases in Victorian taxable wages.

Do I receive a New Jobs tax credit if my business increased its wages during the designated financial year but my business ceased to employ before 30 June of the designated year?

No. The New Jobs tax credit only applies to employers that employed workers to the end of the designated financial year.

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