



Payroll Tax Rebate Scheme – Jobs Action Plan

The Jobs Action Plan is designed to give businesses an incentive to employ new workers and expand their enterprises. Under the plan, businesses that increase the number of full-time equivalent (FTE) employees for a period of at least two years, will receive a payroll tax rebate following the employment of each additional employee in a position that is a new job.

The Jobs Action Plan:

- provides a payroll tax rebate of up to \$4000 per employee for the first 100 000 new payroll tax paying jobs created in NSW. 40 000 of the new jobs will be prioritised for non-metropolitan areas of NSW with the remaining 60 000 in metropolitan areas.
- provides for payment of the rebate in two equal parts, on the first and second anniversary of the employment of an additional employee in a new job
- applies to the first 100 000 new jobs created on or after 1 July 2011.

Eligible locations

Metropolitan area – being the area constituted by the following Local Government Areas:

- (a) Ashfield, Auburn, Bankstown, Blacktown, Blue Mountains, Botany Bay, Burwood, Camden, Campbelltown, Canada Bay, Canterbury, Fairfield, Gosford, Hawkesbury, Holroyd, Hornsby, Hunters Hill, Hurstville, Kogarah, Ku-ring-gai, Lane Cove, Leichhardt, Liverpool, Manly, Marrickville, Mosman, North Sydney, Parramatta, Penrith, Pittwater, Randwick, Rockdale, Ryde, Strathfield, Sutherland Shire, Sydney, The Hills Shire, Warringah, Waverley, Willoughby, Wollondilly, Woollahra and Wylong
- (b) Newcastle
- (c) Wollongong.

Non-metropolitan area includes:

That part of the State that does not fall within the metropolitan area.

Application for registration

Employers are required to register the employment of a person in a position that is a new job and advise the number of FTE employees immediately before the position was filled.

Registration may be made:

- by an employer who is registered and paying payroll tax
- between 1 July 2011 and 30 June 2013
- within 30 days after the employment to which the application relates first commences.

Application for registration for the Payroll Tax Rebate Scheme (Jobs Action Plan) is available at www.osr.nsw.gov.au

Eligible employment

Employment is eligible employment if:

- a person is employed (full-time or part-time) in a position that is a new job, and
- the employment commences on or after 1 July 2011, and
- the employment is maintained for a period of at least two years, and
- the services of the employee are performed wholly or mainly in NSW, and
- the employment is not excluded from the rebate scheme.

New job

A position is a new job if the employment of a person in that position results in a sustained increase in the employer's FTE employees. This increase must be sustained on both the first and second anniversaries of the date the employment commenced and throughout the two years. If the FTE falls below the FTE required for the payment of the rebate for more than 30 days at any time during the year, the Chief Commissioner may refuse to pay the rebate.

Calculation of the number of FTE employees

The number of FTE employees of an employer on the date of appointment of a new employee (excluding the new employee) and on the first and second anniversary of a new employee's appointment (including the new employee) is the sum of $F + A/B$, where:

F = the number of full-time employees on that date

A = the total number of hours worked in the preceding pay period by all part-time employees employed on that date

B = the average number of hours worked in the preceding pay period by all full-time employees employed on that date.

The Chief Commissioner may agree to an alternative method of calculating the number of FTE employees if it is too difficult or costly to determine the exact figures.

Minimum employment period

The minimum employment period is two years starting on the date the employment concerned is claimed to commence.

Employment is maintained if there is always a person employed in the position for which the rebate is claimed.

A vacancy in a position can be disregarded if the number of days vacant does not exceed a total of 30 days in each year of employment for which the rebate is claimed.

The rebate may be paid if the 30 days are exceeded but only if the Chief Commissioner is satisfied that the length of the vacancy is beyond the employer's control. In this case the rebate will be paid on a pro-rata basis.

Excluded employment

1. The employment of a person by an employer is excluded from the rebate scheme if:
 - the person was employed by the employer claiming the rebate or a group member in the previous 12 months, or
 - the person's employment is a continuation of employment with another employer, or
 - any wages paid by the employer to the person are not taxable wages (i.e. the wages must be subject to NSW payroll tax under the nexus provisions), or
 - any wages paid by the employer to the person are exempt wages (e.g. paid by charitable bodies), or
 - the employer is entitled to a rebate under the *Payroll Tax Act 2007* (i.e. apprentice/trainee rebate), or
 - a rebate, subsidy or other assistance is payable to the employer for the employment of the person by the State, or
 - the employer is taken to be the employer of the person under the contracting provisions or employment agency provisions of the *Payroll Tax Act 2007*, or
 - the employer is the Crown in right of New South Wales or in any of its other capacities, or
 - the employer is a public, local or municipal body or authority.
2. A person's employment with an employer (the new employer) is a continuation of employment with another employer (the previous employer) if:
 - the person was, within 12 months before the date on which the person commenced employment with the new employer, employed by the previous employer in a business or undertaking, and
 - that business or undertaking has been the subject of a merger with the business or undertaking of the new employer or has been taken over or otherwise acquired by the new employer.

Applying for a rebate

To apply for the rebate employers will need to submit an application for the payment of the rebate in respect of the employment of a person.

An application for rebate may be lodged:

- within 30 days after the end of the year of employment, and
- if the employment is eligible employment.

Payment of the rebate

Certain conditions apply in respect of the payment of the rebate for each position that is a new job. These conditions are:

- for part-time employees, the rebate will be pro-rated based on FTE hours of employment
- the rebate will only be payable if the higher level of employment is maintained for the first and second anniversary of employment
- the amount of rebate payable cannot exceed the employer's net payroll tax liability for the tax year ending in the year in which the claim is lodged
- if the rebate is paid prior to an employer's annual payroll tax liability being determined, the employer is required to refund any rebate amount that exceeds the employer's net payroll tax liability for the relevant tax year.

MORE INFORMATION



www.osr.nsw.gov.au



1300 139 815*



(02) 9689 8200



payrolltax@osr.nsw.gov.au



Payments by post:
GPO Box 530
Sydney NSW 1159



GPO Box 4042
Sydney NSW 2001

DX 456 Sydney



OSR offices:

Parramatta (Head Office)
Cnr Hunter and Marsden Street,
Parramatta

Sydney

Level 3, 55 Hunter Street,
(counter services only)

Newcastle

Level 2, 97 Scott Street,
(counter services only)

Wollongong

Level 6, 90 Crown Street,
(counter services only)



Phone enquiries
8.30 am – 5.00 pm, Mon. to Fri.

Counter services
8.30 am – 4.30 pm, Mon. to Fri.

*Interstate clients please call (02) 9689 6200.
Help in community languages is available.

Office of State Revenue: A division of the Department of Finance & Services

ISO 9001 – Quality Certified

© State of New South Wales through the Office of State Revenue, 2011. This work may be freely reproduced and distributed for most purposes, however some restrictions apply. Read the copyright notice at www.osr.nsw.gov.au or contact OSR.

Amount of rebate payable per employee

The total rebate payable is \$4000 per full-time employee and a proportion of \$4000 for a part-time employee.

The rebate is payable in two payments of up to \$2000 on the first and second annual anniversary of the commencement of employment.

In the case of part-time employees, the rebate payable on each anniversary is \$2000 x C/D, where:

C = the number of hours worked by the employee during the previous 12 months

D = the average number of hours worked by full-time employees during the previous 12 months.

The maximum amount of rebate payable per FTE employee to an employer should not be reduced if the payroll tax attributed to a particular new employee's wages is less than the rebate.

Repayment of the rebate

If at any time before the second anniversary of the commencement of employment, a position that is a new job is not maintained, the employer is required to repay any rebate paid in respect of that position.

The Chief Commissioner may pay rebates before an employer's annual payroll tax liability is determined. In this instance, the employer will be required to refund any rebate amount that exceeds the employer's net payroll tax liability for the relevant tax year.