

Threshold fairness

Example calculations for the 2010–11 financial year

1. Non-grouped employer paying wages in NSW only

	Annual – full period Assume your NSW wages are \$700 000 for 1 July 2010 to 30 June 2011 For 01 July 2010 to 31 December 2010 NSW wages are \$300 000. For 01 January 2011 to 30 June 2011 NSW wages are \$400 000.	
	July–December	January–June
Calculation of threshold for period of employment		
<u>No. of days employing x threshold</u> No. of days in period	$\frac{184 \times \$658\,000}{365} = \$331\,704$	$\frac{181 \times \$658\,000}{365} = \$326\,296$
Calculation of employer's tax payable for the period		
Employer's NSW wages for the period	\$300 000	\$400 000
Less threshold for the period	\$331 704	\$326 296
<u>Less threshold fairness</u>	<u>\$0.00*</u>	<u>\$ 31 704*</u>
Tax on the balance	\$0.00 x 5.5% = \$0.00	\$ 42 000 x 5.45% = \$2 289
* = Threshold fairness (unused proportion)	\$331 704 – \$300 000 = \$31 704	N/A
Tax payable for the financial year	Tax payable Jul–Dec = Tax payable Jan–Jun =	\$0.00 <u>\$2 289</u>
	Tax payable for financial year =	\$2 289

2. Non-grouped employer paying wages in NSW and interstate

	Annual – full period Assume your NSW wages are \$450 000 and Interstate wages are \$200 000 for 1 July to 30 June . For 01 July to 31 December NSW wages are \$300 000 and Interstate wages are \$100 000. For 01 January to 30 June NSW wages are \$150 000 and Interstate wages are \$100 000.	
	July–December	January–June
Calculation of threshold for period of employment		
<u>No. of days employing x threshold</u> No. of days in period	$\frac{184 \times \$658\,000}{365} = \$331\,704$	$\frac{181 \times \$658\,000}{365} = \$326\,296$
Calculation of employer’s threshold entitlement for the period		
<u>NSW wages x threshold</u> Employer’s total Australian wages	$\frac{\$300\,000 \times \$331\,704}{\$400\,000} = \$248\,778$	$\frac{\$150\,000 \times \$326\,296}{\$250\,000} = \$195\,778$
Calculation of employer’s tax payable for the period		
Employer’s NSW wages for the period	\$300 000	\$150 000
Less threshold for the period	\$248 778	\$195 778
<u>Less threshold fairness</u>	<u>\$ 45 778*</u>	<u>\$0.00*</u>
Tax on the balance	\$ 5 444 x 5.5% = \$299.42	\$0 x 5.45% = \$0.00
* = Threshold fairness (unused proportion)	N/A	\$195 778 – \$150 000 = \$45 778
Tax payable for the financial year	Tax payable Jul - Dec = Tax payable Jan - Jun = Tax payable for financial year =	\$299.42 <u>\$0.00</u> \$299.42