

Victorian Payroll Tax

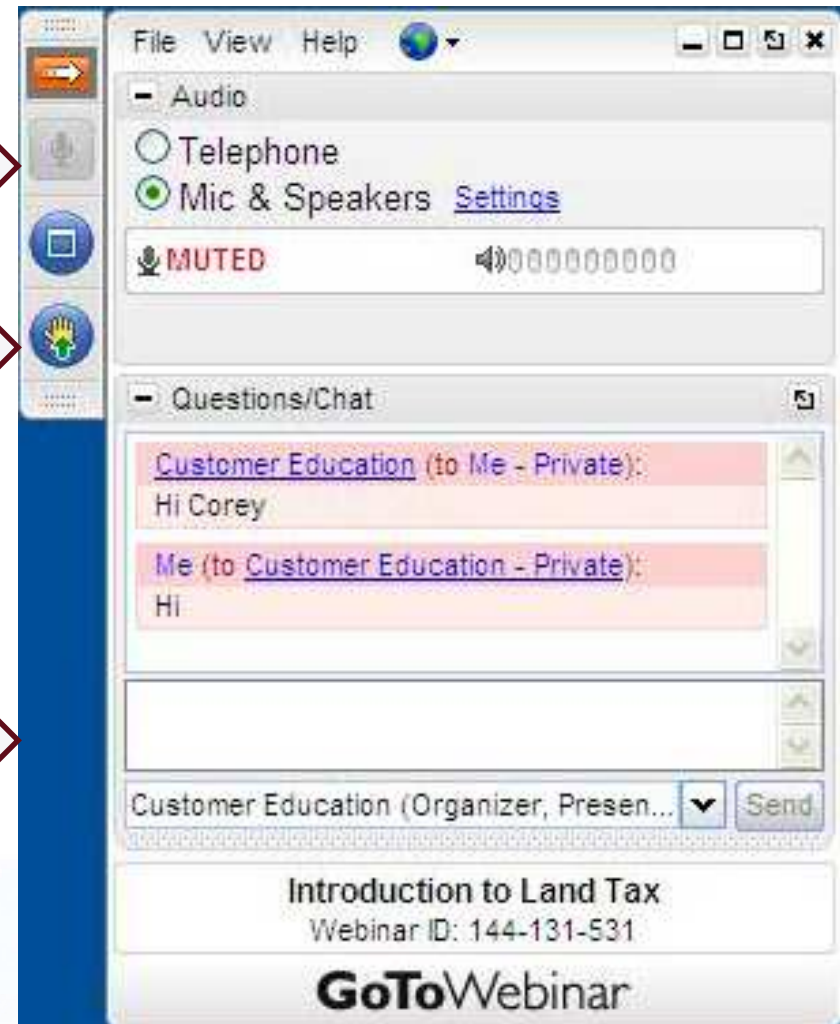
Common Mistakes

Darrel M^cMahon and Corey M^cKinnon
Staff Development and Customer Education



Housekeeping

- You can select Telephone or Mic & Speakers
- Use the raise hand function to indicate that you are receiving the audio
- Type any questions you have into the question pane



Your presenters



Darrel McMahon
Customer Education Unit




Corey McKinnon
Customer Education Unit

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Q&A



Overview

Employer self assessing tax lodged and paid monthly

Based on wages paid or payable in each state or territory

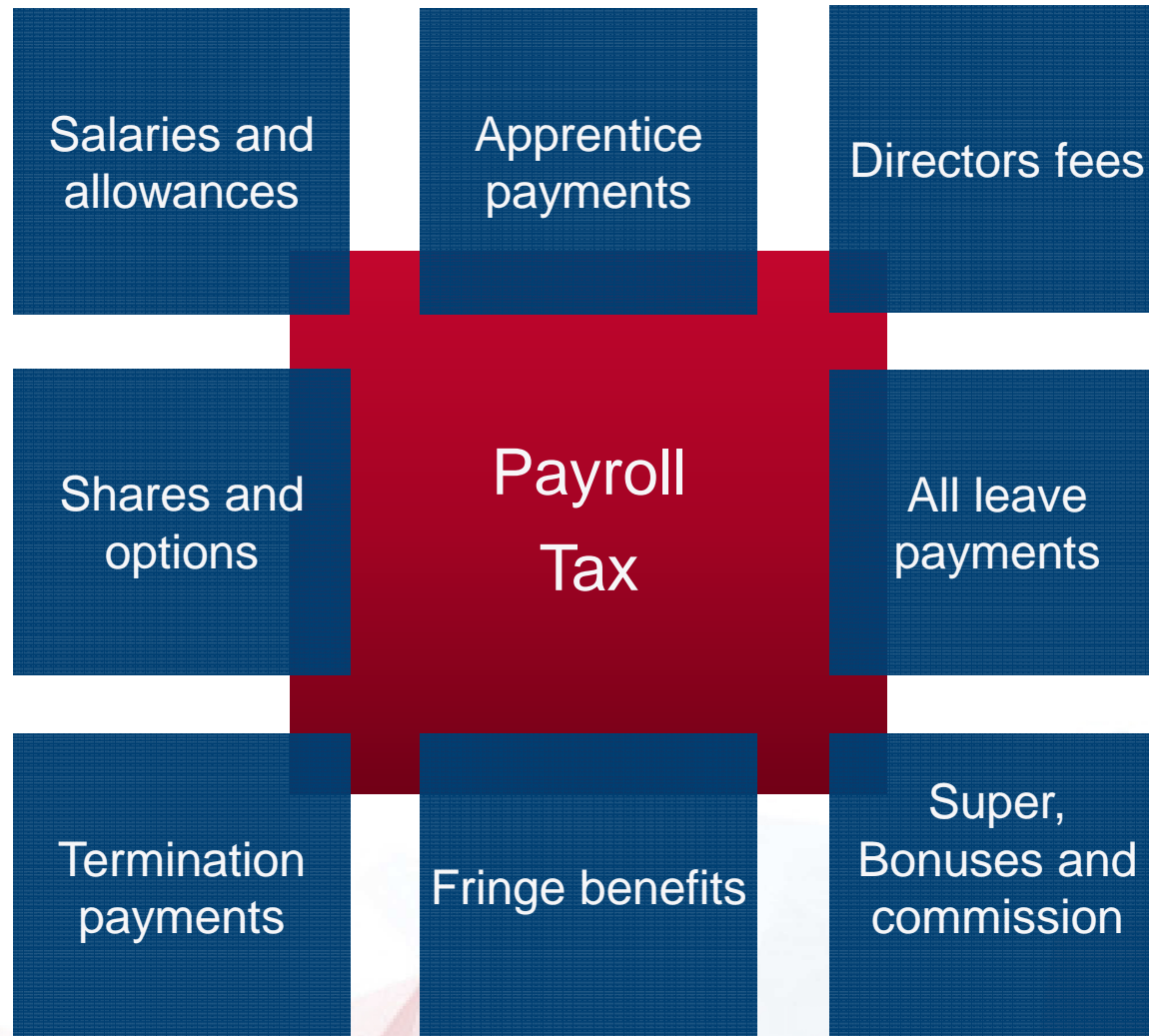
Wages paid to employees or deemed employees

\$550,000 threshold based on total Australian wages
(\$45,833 per month)

Deduction reduced for part year and interstate employment

Harmonised legislation

Taxable wages



Completing your return

Lodge PTX
returns through
PTXpress

Monthly
returns due by
the 7th of the
following
month

No June return

Annual
Reconciliation
due by 21 July



Add, modify or
remove users

Change
customer
details

Change
employer type

Amend
payment
references

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Common mistakes in PTXpress



- Employers not registering for  when required
- Make sure you select  
- Returns must be lodged and paid by the due date
- Penalties and interest **may** apply for late lodgement or payment
- Ensure that all contact details are correct for security reasons
- Errors in payment references can cause problems

Common mistakes

Failing to register
for payroll tax in
each state as
required

Incorrect declaration of exempt wage
components

Omitting wage
components

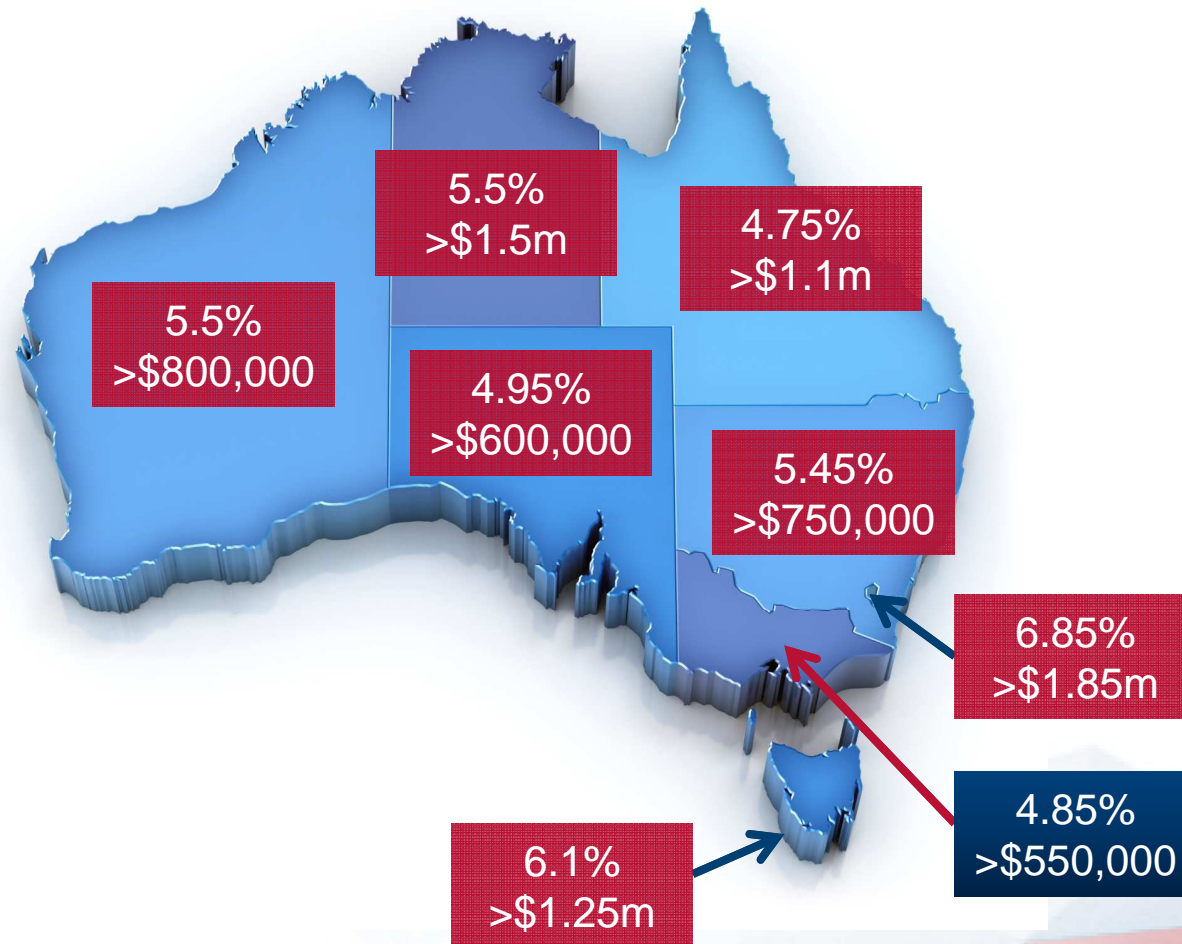
Workers incorrectly
classified as
contractors

Wages
declared in
wrong
jurisdiction

Failing to complete
returns or pay liabilities
within the prescribed
timeframes

Related
organisations not
grouped

National rates and thresholds



Interstate employees (PTA-039)

General rule

If an employee worked **solely** in one jurisdiction during month, payroll tax paid in that jurisdiction.

If an employee worked in **more than one** jurisdiction during month, payroll tax paid wherever:

1. Employee's home (PPR) is located
2. Employer's business is registered
3. Wages are received
4. Services are mainly performed

Allowances are taxable for payroll tax purposes

Exception

Exempt components of:

- Motor vehicle allowance
- Accommodation

allowance

Reimbursements

Not taxable unless subject to
FBT

Fringe benefits

Gross up the total of Type 1 & Type 2 fringe benefits by the lower Type 2 factor only!

Type 1
fringe
benefits



Type 2
fringe
benefits

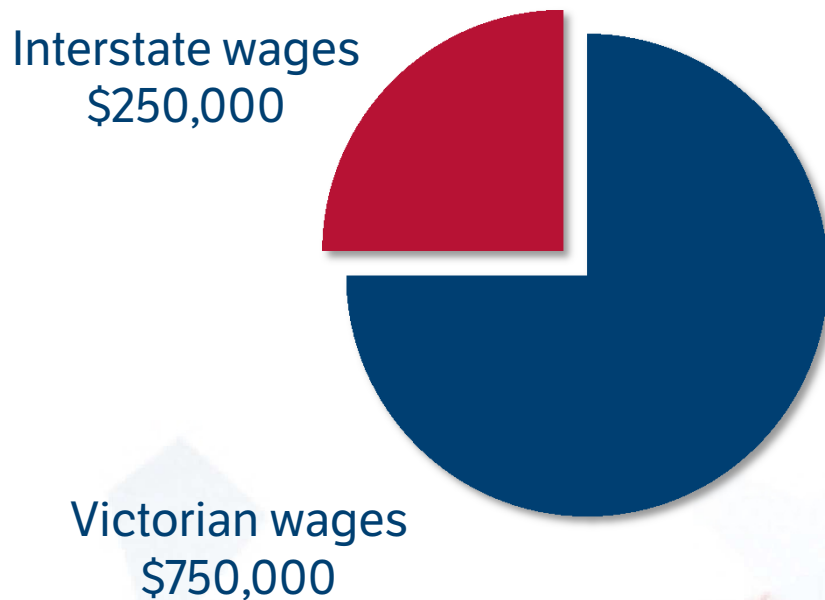


Lower type 2
gross up rate
only

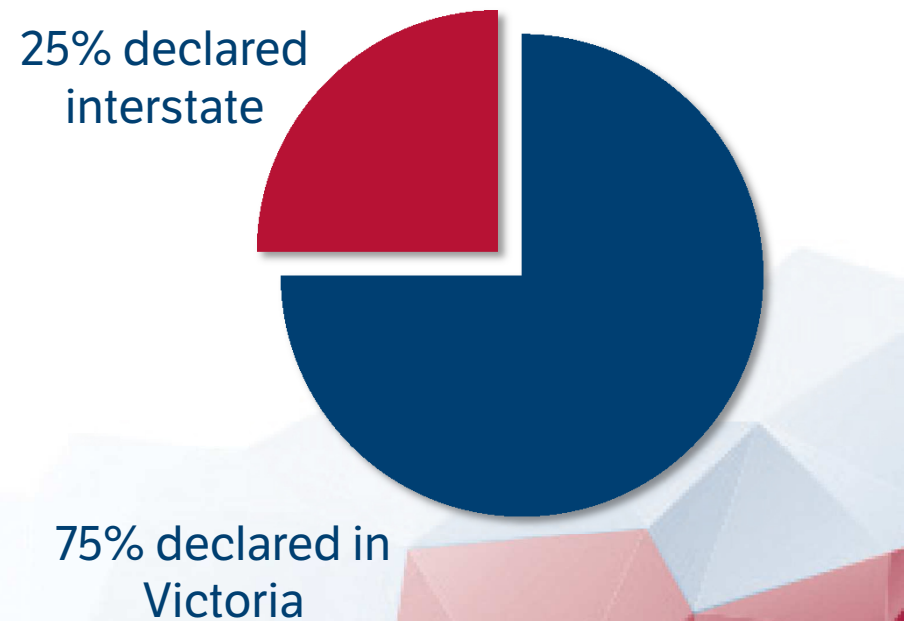
Declaring fringe benefits (PTA-003)

Only declare the Victorian component of fringe benefits!

Total Australian wages



Total fringe benefits



Living away from home allowance

23 Details of fringe benefits provided

Type of benefits provided (1 April 2013 to 31 March 2014)		Number	Gross taxable value (a)
Cars using the statutory formula	A		
Cars using the operating cost method	B		
Loans granted	C		
Debt waiver	D		
Expense payments	E		
Housing — units of accommodation provided	F		
Employees receiving living-away-from-home allowance (show total paid including exempt components)	G		
Board	J		



Normally
triggers an
FBT liability

**DON'T
DOUBLE
DECLARE**

Director payments are taxable



Working or non-working Directors



It doesn't matter where payments are directed to



Superannuation payments or top up payments to a Defined Benefits Scheme



Profit distributions to directors in their capacity as an owner of a business are not taxable

Contractor payments

All wages of employees or deemed employees are taxable

Some exemptions exist for payments made to bona fide contractors

- 1) Contractor or employee?
- 2) Determine deduction entitlement
- 3) Declare wages

Businesses that are 'related' may be grouped for payroll tax

Treated as a
single entity

Only one
deduction
available

Jointly and
severally liable

Deduction
based on
groups total
Victorian and
Australian
wages

Failure to group may result in penalties

Changing employer types

If changing employer types during the financial year, let us know when it happens, instead of waiting until AR.



If you are changing employer types, we will need the wages split to reconcile the two periods.

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How do I make changes if I lodge the incorrect details on my monthly return?

1. Log on to 
2. Select 'Lodge Monthly Return' from the menu
3. Select the correct return period e.g. 1 July 2014 - 31 July 2014
4. Select the 'Lodge Replacement' button at the bottom of the page.

You will be able to lodge the correct details for that month.

What if I need to make changes to my Annual Reconciliation?

If a previously lodged e-AR return is incorrect, you can lodge a replacement return in .

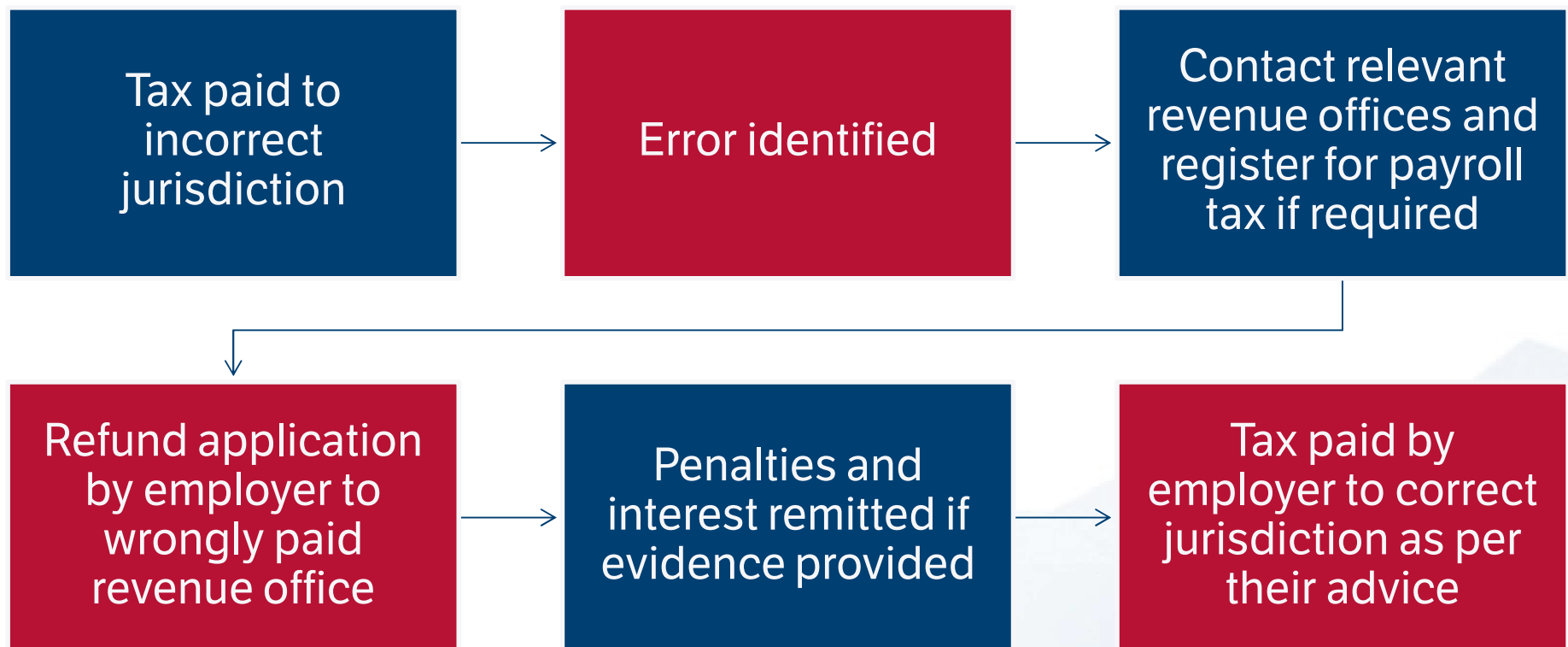
Once you have made changes, you must select the 'Lodge' button again.

The most recently lodged return will override the previously lodged return and be deemed correct by the SRO.

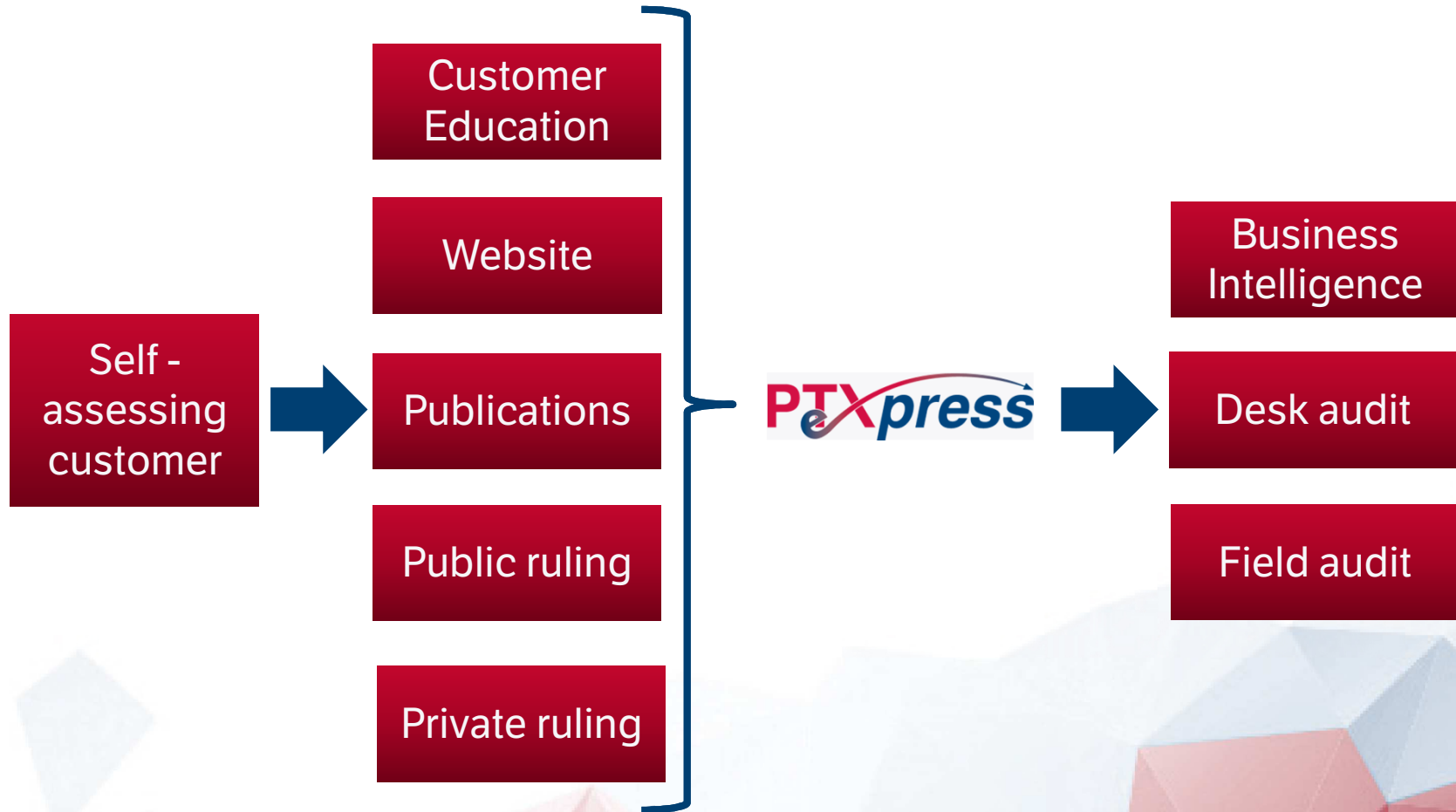
Please note: Penalties and interest may apply if changes are made after the due date.

Correcting mistakes

Tax paid to the wrong jurisdiction



Our approach to payroll tax compliance



There are two categories of tax default:

Late payment

The return has been lodged correctly, however the liability has not been paid before the due date.

Correct amount paid in full after due date (i.e. late payment) but before action from the Commissioner (i.e. issuing of an assessment).

Tax shortfall

Any tax default other than a late payment, for example:

- Return not lodged
- Underpayment of tax
- Failure to register for payroll tax
- Payment of liability after action by the Commissioner

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Any questions?

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