

# Guideline

## Exemptions from Tasmanian Payroll Tax

There are two payroll tax exemption types: i) employer-based; and ii) circumstance-based.

Wages paid by non-profit bodies such as religious institutions, charitable organisations, or organisations set up for the public benefit, are generally exempt from payroll tax.

Some wages are also exempt where they are paid to staff on maternity or adoption leave, or on military leave.

### Employer-based exemptions

Subject to section 48(2) of the [Payroll Tax Act 2008](#), wages paid or payable by a non-profit organisation are exempt from payroll tax, if the organisation is:

- a religious institution;
- a public benevolent institution; or
- a non-profit organisation whose objectives are solely or dominantly for charitable benevolent, philanthropic or patriotic purposes.

Subsection 48(2) requires that the wages must be paid or payable to a person engaged exclusively for work of a kind ordinarily performed in connection with the religious, charitable, benevolent, philanthropic or patriotic purpose of the organisation. Persons engaged directly in the primary work or in administrative or management work which is predominantly associated with the organisation's charitable or similar work are accepted as being exclusively engaged in that work.

Employer description	Exemption
<b>A religious institution</b>	✓
<b>A public benevolent institution</b> The organisation must be non-profit and set up, usually in perpetuity, for: <ul style="list-style-type: none"><li>• the relief of sickness, suffering, distress, misfortune, destitution or helplessness; or</li><li>• the benefit of members of a community or of a particular locality, who are suffering from a particular disadvantage.</li></ul> The institution must provide services without discrimination to every member of that section of the public for which the institution was created according to its constituent documents.	✓
<b>A non-profit organisation whose objectives are solely or dominantly for charitable, benevolent, philanthropic or patriotic purposes. *</b> Wages paid to persons working in a non-profit organisation that has wholly charitable purposes will be exempt from payroll tax even if those persons are engaged in commercial work of the organisation. <b>Important:</b> If a non-profit organisation has a charitable purpose but it is not wholly charitable, only the wages paid to the persons engaged exclusively in the organisation's charitable purpose, including commercial activities connected with the charitable purpose, are exempt from payroll tax.	✓
<i>Wages paid to persons who are partly or exclusively engaged in commercial activities that are <b>not connected</b> with the charitable purposes of the organisation are <b>not exempt</b>.</i>	✗

## Employer-based exemptions cont'd

Employer description	Exemption
Wages are exempt wages if paid or payable by: <ul style="list-style-type: none"><li>• non-profit schools and educational institutions that provide education at the secondary level and below;</li><li>• the Governor of a State;</li><li>• the Commonwealth War Graves Commission; or</li><li>• the Australian-American Fulbright Commission.</li></ul>	✓
Wages are exempt wages if paid or payable by health care service providers to a person engaged exclusively in the kind of work ordinarily performed in connection with the conduct of a health care service provider. Health care service providers are: <ul style="list-style-type: none"><li>• a public hospital; or</li><li>• a non-profit hospital that is carried on by a society or association.</li></ul>	✓

## Additional notes about charities

### \* Charities

To be recognised as a charity, an organisation must be non-profit, for the public benefit, and be for the:

- relief of poverty or sickness or the needs of the aged; or
- advancement of education; or
- advancement of social and community welfare; or
- advancement of health; or
- advancement of culture; or
- advancement of religion; or
- advancement of the natural environment; or
- other purposes beneficial to the community.

See next page for circumstance-based exemptions.

## Circumstance-based exemptions

Description	Exemption
<p><b>Community Development Employment Project</b></p> <p>Wages are exempt wages if paid or payable to an Indigenous Australian who is employed under a Community Development Employment Project being a project funded by the Commonwealth Department of Employment and Workplace Relations or the Torres Strait Regional Authority.</p>	✓
<p><b>Maternity or adoption leave</b></p> <p>Wages are exempt wages if they are paid or payable to an employee in respect of:</p> <ul style="list-style-type: none"> <li>• maternity leave, being leave given to a female employee in connection with her pregnancy or the birth of her child in respect of a maximum of 14 weeks full time pay; or</li> <li>• adoption leave, being leave given to an employee in connection with the adoption of a child by him or her in respect of a maximum of 14 weeks full time pay.</li> </ul> <p>It is immaterial whether leave is taken during or after the pregnancy or before or after the adoption.</p> <p>Other leave such as sick leave, annual leave and long service leave given as part of a pregnancy or adoption is not exempt. Medical records or a statutory declaration will be required for this exemption.</p>	✓
<p><b>Emergency service volunteers</b></p> <p>Wages are exempt wages if they are paid or payable to an:</p> <ul style="list-style-type: none"> <li>• employee in respect of any period when he or she was taking part in bushfire fighting activities as a volunteer member of a fire brigade under the <a href="#">Fire Service Act 1979</a>; or</li> <li>• to an employee in respect of any period when he or she was engaging in emergency management or rescue and retrieval operations as a volunteer emergency management worker.</li> </ul> <p>For the purposes of defining the above:</p> <ul style="list-style-type: none"> <li>• ‘emergency management’ has the same meaning as in the <a href="#">Emergency Management Act 2006</a>;</li> <li>• ‘rescue and retrieval operation’ has the same meaning as in the <a href="#">Emergency Management Act 2006</a>; and</li> <li>• ‘volunteer emergency management worker’ has the same meaning as in section 56 of the <a href="#">Emergency Management Act 2006</a>.</li> </ul> <p>The exemption above does <b>not apply</b> to wages paid or payable as recreational leave, annual leave, long service leave or sick leave.</p>	✓
<p><b>Defence personnel</b></p> <p>Wages are exempt wages if they are paid or payable to an employee who is on leave from employment, serving as a member of:</p> <ol style="list-style-type: none"> <li>a) the Defence Force of the Commonwealth; or</li> <li>b) the armed forces of any part of the Commonwealth of Nations.</li> </ol>	✓
<p><b>Paid parental leave</b></p> <p>The Paid Parental Leave scheme entitles eligible working parents who are primary carers of a child born or adopted on or after 1 January 2011 with a maximum of 18 weeks of government-funded parental leave pay at the National Minimum Wage.</p> <p>These payments are not taxable because they are not paid by the employer for services provided by the employee.</p>	✓

## Applying for the exemption, and maintaining exemption status

To apply for an exemption under the [Payroll Tax Act 2008](#), please complete the [Payroll Tax Exemption Form](#) also available at [sro.tas.gov.au/resources/forms](http://sro.tas.gov.au/resources/forms).

### Documents needed to support the exemption application

To support an application for exemption, you must provide:

- a signed, dated copy of the organisation's constitution and/or memorandum and articles of association outlining the objectives under which the organisation operates;
- a copy of the organisation's most recent audited financial statements and annual report;
- details of the day-to-day activities and services provided by the organisation;
- details of how the organisation is funded and whether a fee is charged for the services provided; where a fee is charged, please tell us what happens in the event those fees cannot be paid;
- advice regarding any other States/and or Territories where wages are paid or where an exemption has been applied for;
- any income tax exemption certificate issued by the Australian Taxation Office;
- advice as to whether your organisation is listed as a charity with the Australian Charities and Not-for-profits Commission (ACNC); and
- advice as to whether your organisation holds Deductible Gift Recipient (DGR) status.

### My organisation's circumstances have changed

If your organisation is approved as paying exempt wages, but its **governing rules change** (specifically its objects and/or non-profit status), you must tell the State Revenue Office (SRO). The information will be used to assess your exemption status.

You are asked to provide the following documents when notifying the SRO of a change:

- constitution;
- rules;
- memorandum / articles of association; and
- the organisation's legal name.

### Exemption status

For compliance purposes, we may review your organisation's payroll exemption status at any time.

### Penalties

Under the [Taxation Administration Act 1997](#), it is an offence to give false or misleading information. Where such cases occur, interest and/or penalty tax may be applied.

## More information from the State Revenue Office

**Phone:** (03) 6166 4400 (weekdays, 9:00am to 5:00pm)

**Email:** [taxhelp@treasury.tas.gov.au](mailto:taxhelp@treasury.tas.gov.au)

**Website:** [www.sro.tas.gov.au](http://www.sro.tas.gov.au)

**Fax:** (03) 6173 0217

**In writing:** The Commissioner of State Revenue  
GPO Box 1374  
HOBART TAS 7001