

Guideline and FAQs

Payroll tax exemption:

Interstate businesses relocating to regional Tasmania

Introduction

A three-year payroll tax exemption is available for interstate businesses that relocate their operations to regional Tasmania and meet all of the relevant eligibility criteria.

Eligibility requirements

To qualify for this exemption all of the following eligibility criteria must be met:

- the relocation must occur between 1 July 2018 and 30 June 2021; and
- the relocation must be to regional Tasmania - this means an area of Tasmania not including the local government municipalities of Clarence, Glenorchy, Hobart or Kingborough; and
- the business must be physically operated from real property; and
- prior to relocation, the business must:
 - have been operated in a location other than Tasmania; and
 - not have paid taxable wages in Tasmania (either themselves or as a member of a group) in the 5 year period preceding the relocation; and
- for wages to be exempt they must be paid to an employee who physically undertakes at least 80 per cent of their work for the business in regional Tasmania.

Commencement date of the exemption

The exemption commences from the date both of the following occur:

- the business operates out of real property in regional Tasmania, such as a store front, office or workshop; and
- an employer of the employee is working at the property and is being paid wages by the employer for that work.

Takeovers and mergers

The exemption is not available where a business currently operating in regional Tasmania is acquired through a takeover, merger or similar acquisition.

Declaration of exempt wages

To continue to qualify for the exemption, employers must complete the regional Tasmanian employer's declaration of exempt wages form. The form will be made available on the SRO website closer to the end of the 2018-19 financial year.

The taxpayer is responsible for returning the completed form to the Commissioner of State Revenue so that it is received no later than 21 days after the end of the financial year in which the exempt wages were paid or payable.

Important: If the declaration is not submitted by the due date, the employer will not qualify for the exemption for the relevant financial year.

Frequently Asked Questions

I have a business in Hobart and want to relocate it to regional Tasmania. Will I qualify for the exemption?

No. To qualify for the exemption the business must have been operating in a location other than Tasmania.

My company acquired a workshop in regional Tasmania in March 2018. Employees will commence paid employment at the workshop in July 2018. Will my company qualify for the exemption?

Yes - providing all of the other eligibility criteria are met. For the purposes of the exemption, a business commences operations on the date it both operates out of real property in regional Tasmania and an employee is working at that property and being paid wages by the employer.

My company is planning to relocate to a shop front in regional Tasmania in September 2019? If we relocate, for how long will we receive the exemption?

Providing all the eligibility criteria are met, your company will receive the exemption for three years from the date operations commence in regional Tasmania.

If I relocate my business to regional Tasmania and the operation closes before three years pass because is not sustainable, will I have to pay payroll tax for the wages I have claimed as exempt?

No. The wages you claim as exempt during the time you are operating your business in regional Tasmania remain exempt, even if you do not continue operations in regional Tasmania for the full three years.

If I relocate my business to regional Tasmania and subsequently also expand to Glenorchy, will I still be eligible for the exemption?

Yes. You have satisfied the eligibility requirements on your initial relocation. As long as you maintain the business in regional Tasmania, the wages for employees paid at that location will remain exempt. The wages for employees operating from Glenorchy will attract payroll tax.

My business is operated by a new company that is presently operating from Victoria. The new company is a subsidiary of a company that has operated from Tasmania during 2016. The holding company did not pay payroll tax during the time it operated from Tasmania, but has subsequently registered for payroll tax interstate. Will my company be eligible for the exemption?

No. Although the company was not registered for payroll tax, their wages are still considered taxable. They were not required to register because the taxable wages were not above the relevant threshold at the time they operated in Tasmania.

I am establishing a new business that has not operated from any location previously. Can I qualify for the exemption?

No. Your business must relocate from a location other than Tasmania to qualify for the exemption.

Disclaimer

This guideline (including the frequently asked questions) is designed to give you the best information possible.

Occasionally we use examples and scenarios in our public documents as a general guide or simply to illustrate one or more points. They are not intended to cover all situations and, therefore, must not be substituted for independent professional advice.

For advice about your own circumstances, you may need to contact your tax advisor, accountant or solicitor.

Contacting the State Revenue Office

Email taxhelp@treasury.tas.gov.au

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

In writing The Commissioner of State Revenue,
GPO Box 1374
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