

A Protocol for Payroll Tax Harmonisation between Jurisdictions

Background

On 29 March 2007 State and Territory Treasurers announced a decision to overhaul payroll tax arrangements to achieve greater legislative and administrative harmonisation.

Payroll tax harmonisation was endorsed and continued by the Council of Australian Governments as one of 27 projects designed to achieve a National Seamless Economy. Under the *National Partnership Agreement to Deliver a National Seamless Economy*, the States and Territories are responsible to work together to produce a nationally coordinated approach in relation to payroll tax, and complete the reforms by 1 July 2012.

All jurisdictions have taken steps to enact legislation aligning provisions in eight areas agreed to by State and Territory Treasurers. Further, New South Wales, Victoria, Tasmania, Northern Territory and South Australia have enacted identical payroll tax legislation, apart from minor differences identified in schedules to the legislation. Queensland has also passed legislation to establish harmonisation with those jurisdictions.

On 11 July 2008 the Commissioners of all State and Territory Revenue Offices signified their commitment to establishing and maintaining consistency in the administration of payroll tax.

In order to implement arrangements for harmonised administration, the Commissioners established the Payroll Tax Harmonisation Committee in December 2008. The role of the Committee is to oversee the design, implementation and maintenance of an administrative framework to support the goal of harmonisation of payroll tax administration, and it has already undertaken significant work to advance harmonised administration.

Protocol

By signing this Protocol the Commissioners agree to continue their high level of cooperation and consultation in order to further payroll tax harmonisation.

Having regard to benefits to taxpayers and costs of implementation, the Commissioners agree to:

- Continue to further the harmonisation of payroll tax administration through relevant inter-jurisdictional groups;
- Ensure that administrative protocols providing for consultation and cooperation amongst the jurisdictions in relation to operational practices and decisions are developed, agreed to and followed, and where appropriate publish information regarding those protocols for taxpayers and other stakeholders;
- Improve the consistency of business practices, taxpayer information and administrative and compliance requirements;

- Ensure that harmonised administrative practices are maintained through consultation and cooperation amongst the revenue offices of each jurisdiction;
- Consider opportunities for further harmonisation of payroll tax legislation and, if appropriate, make recommendations to their respective governments to make legislative changes;
- Within the limits of their authority and subject to the requirements of their respective governments, consult with each other in relation to any proposal to amend the payroll tax legislation of their jurisdiction;
- Continue to consult with taxpayers and stakeholders as appropriate in relation to the future direction of harmonisation in order to maximise benefits to stakeholders.

Signed this 28TH day of JULY 2010, by:

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