

Guideline

Payroll Tax waiver and grant: Tourism, Hospitality and Ancillary industries

Eligibility criteria

1. The Payroll Tax WAIVER

An employer must meet the following eligibility criteria to qualify for the waiver of payroll tax for wages paid or payable to eligible employees between 1 July 2021 and 31 December 2021. Specifically, an employer must:

- a) be considered a relevant business employer (see details below); and
- b) have a payroll tax liability for wages paid or payable to eligible employees (see details below).

To be a relevant business employer, the applicant must:

- have **at least one** eligible employee employed at the relevant business; and
- show that turnover for the relevant business for the September quarter 2021 has fallen by 30 per cent or more when compared with the turnover for the September quarter in either 2019 or 2020; and
- meet one of the following for the **2020-21** financial year:
 - was not grouped and only paid wages in Tasmania; or
 - was not grouped and the Tasmanian taxable wages paid or payable by the employer comprise 50 per cent or more of the employer's total Australian wages; or
 - was grouped and the Tasmanian taxable wages paid or payable by the group comprise 50 per cent or more of the group's Australian wages.

Eligible employees

These are employees who solely or predominantly work in one or more of the following industries:

- the tourism industry;
- the hospitality industry; or
- an ancillary industry.

An eligible employee for the waiver does not include an eligible employee within the meaning of the [Payroll Tax Rebate \(Apprentices, Trainees and Youth Employees\) Act 2017](#).

2. The Payroll Tax GRANT

Employers who are eligible for the payroll tax waiver will be eligible for a grant from 1 January 2021 to 30 June 2021.

The grant amount is calculated by multiplying the total payroll tax waiver for the September quarter 2021 by a factor of 2.5.

Definitions

Tourism industry

Tourism industry means the provision of goods and services where those goods and services are primarily provided directly to persons who are visiting, or travelling in, Tasmania on holiday principally for the purposes of sightseeing or entertainment, or both.

Hospitality industry

Hospitality industry means the provision of the following goods and services where those goods and services are primarily provided directly to the public:

- short-stay accommodation; or
- preparation and service of meals or cooked food; or
- preparation and service of beverages.

Short-stay accommodation means a property that is:

- being used, or available for use, for monetary gain, as accommodation for a person away from his or her normal place of residence; and
- ordinarily intended to be used as accommodation by such a person for periods of not more than four (4) weeks.

The definition of the hospitality industry intends to cover motels, restaurants, cafes, pubs and other similar providers.

Ancillary industry

Ancillary industry means the provision of goods and services where those goods and services are primarily provided to facilitate, or support, businesses within the hospitality or tourism industries.

Turnover

Turnover, in relation to a September quarter in a year, means total sales of goods and services (exclusive of GST) by the business for that quarter in that year.

For employers with more than one business, you are required to provide evidence of the decrease in turnover for the business with eligible employees.

Business

A business is understood in accordance with its ordinary meaning. One legal entity can have more than one business, however, it must be supported by evidence. In this regard, the State Revenue Office will consider a number of factors in determining whether particular commercial activities represent a standalone business. For example, the State Revenue Office may have regard to business name registrations, evidence of separate management accounts, cost centres and invoicing.

Salaries and wages

The waiver is to apply to Tasmanian taxable wages paid to eligible employees between 1 July 2021 and 31 December 2021.

To avoid doubt, payroll tax cannot be waived on the following types of wages:

- a. Tasmanian taxable wages paid to ineligible employees between 1 July 2021 and 31 December 2021;
- b. Interstate wages, including wages subject to payroll tax in another jurisdiction; and
- c. Salaries and wages paid to Tasmanian apprentices, trainees, and youth employees, which have already received, or are eligible for, a payroll tax rebate under the [Payroll Tax Rebate \(Apprentices, Trainees and Youth Employees\) Act 2017](#) between 1 July 2021 and 31 December 2021.

Eligibility examples

Example 1

About 'Front Loader Pty Ltd'

Front Loader Pty Ltd operates a laundry services business in Tasmania. It operates only one business and employs thirty-five (35) employees. Twenty-five (25) of the employees clean and transport laundry for accommodation providers. Five (5) employees work in the Front Loader Pty Ltd's office and another five (5) clean and transport laundry for households. Front Loader Pty Ltd's turnover decreased by over 30 per cent during the September quarter 2021 compared to its turnover in the September quarter 2020.



See the adjacent eligibility criteria. The company meets the criteria including eligible employee wages, and is **eligible** for the waiver.

Do they meet the eligibility criteria?

Eligible employees

YES. Front Loader Pty Ltd's twenty-five (25) employees who predominately clean and transport laundry for accommodation providers are eligible employees because they are working in an ancillary industry supporting the hospitality industry.

Turnover

YES. Front Loader Pty Ltd can demonstrate a 30 per cent or more fall in business turnover.

Relevant business employer

YES. Front Loader Pty Ltd's taxable wages were 100 per cent Tasmanian in 2020-21.

Example 2

About 'From the Ground Pty Ltd'

From the Ground Pty Ltd sells fresh produce to the public at its retail store and directly to hotels and restaurants at wholesale rates. Employees work in either the retail store, or are picking up orders and delivering produce to hotels and restaurants. It operates under one ABN, one business name, and does not keep separate accounts for the different commercial activities. The increase in turnover from the retail store has offset the decrease in turnover from wholesale products over the past year.



See the adjacent eligibility criteria. The company does not meet the 'turnover' criterion, and is **not eligible** for the waiver.

Do they meet the eligibility criteria?

Eligible employees

YES. From the Ground Pty Ltd's employees who predominately pick up orders and deliver produce to hotels and restaurants are considered eligible employees. This is on the basis that they are working in an ancillary industry supporting the hospitality industry.

Turnover

NO. From the Ground Pty Ltd has one business but it cannot demonstrate a 30 per cent or more fall in business turnover because its financial statements show that turnover has remained stable.

Example 3

About 'Sightseer Tourism Pty Ltd'

Sightseer Tourism Pty Ltd and Staple Property Pty Ltd are in a payroll tax group together. Sightseer Tourism Pty Ltd takes tourists on guided tours of Tasmania, and Staple Property Pty Ltd undertakes property development activities in Victoria. In 2020-21, 20 per cent of the group's wages were Tasmanian taxable wages, whereas 80 per cent of the group's wages were subject to payroll tax in Victoria. The turnover of Sightseer Tourism Pty Ltd for the September 2021 quarter has decreased 35 per cent compared to the September 2019 quarter.



See the adjacent eligibility criteria. 'Sightseer Tourism' does not meet the 'relevant business employer' criterion and is **not eligible** for the waiver.

Do they meet the eligibility criteria?

Eligible employees

YES. Sightseer Tourism Pty Ltd's employees' work is predominately as a provider of guided tours of Tasmania to tourists. The employees are eligible employees because they are working in the tourism industry.

Turnover

YES. Sightseer Tourism Pty Ltd can demonstrate a 30 per cent or more fall in business turnover when considering its standalone financial statements.

Relevant business employer

NO. Sightseer Tourism Pty Ltd does not satisfy the relevant business employer definition because its Tasmanian taxable wages are not 50 per cent or more of its Australian group's wages.

How to apply for the Waiver

1. Log into your Tasmanian Revenue Online (TRO) payroll account and select the '2021-22 Payroll tax waiver and grant application' link.

You must have "Submit annual return" access to complete the form. Questions about TRO access should be directed to your company's TRO Administrator.

2. Upload supporting documentation where asked in the application. For example, a profit and loss or cash flow statement from your accounting software package that demonstrates the turnover of the relevant business for the September 2021 quarter has fallen by 30 per cent or more when compared with either the September quarter in 2019 or 2020.

Applications must be lodged by **31 December 2022**.

If your application is approved by the State Revenue Office

- All applicants will receive a communication in TRO to advise the outcome of their application.
- Successful applicants will receive the Waiver and Grant as shown below.

Payment of the **WAIVER**

A. Applicants who lodge **monthly**

- Monthly payroll tax returns must be lodged for the period July 2021 to December 2021; and
- The State Revenue Office will calculate your waiver entitlement in relation to your monthly returns and apply it to your return as follows:
 - a) Where payroll tax **has** been paid for that period: a refund will automatically be processed by the SRO; or
 - b) Where payroll tax **has not** been paid for that period: TRO will automatically calculate the waiver and adjust the amount of payroll tax payable when you lodge your return.

OR

B. Applicants who lodge **annually**

- You must lodge the 2021-22 Annual Adjustment Return (AAR); and
- TRO will calculate your waiver entitlement in relation to the AAR and adjust the amount of payroll tax payable.

Payment of the **GRANT**

You are not required to apply for the grant. The grant amount will be calculated and paid by the Department of Treasury and Finance based on your application for the payroll tax waiver.

Where repayment is required

The Grant

The Department of Treasury and Finance has the capacity, under the [Business Undertakings Assistance Act 1984](#), to recover the grant or any part of the grant if any terms or conditions are not met.

The Waiver

Where a business has received the waiver but is later determined not eligible following the lodgement of the 2021-22 AAR (e.g. incorrect number of eligible employees), the waiver is removed and the payroll tax liability is recalculated.

Payroll Tax Rebate Scheme for Apprentices, Trainees and Youth Employees (Tasmania)

- Eligible employees under the [Payroll Tax Rebate \(Apprentices, Trainees and Youth Employees\) Act 2017](#) are not eligible employees for the purposes of the waiver, however may be entitled to the payroll tax rebate. For more information refer to the [Rebate Scheme](#) or go to sro.tas.gov.au/payroll-tax/rebates-concessions.
- Employers are required to declare the apprentice, trainee, and youth rebate salaries and wages as part of the application form for the calculation of the payroll tax waiver and grant.

Annual Adjustment Return (AAR) and Waiver reconciliation

- You will be required to verify your July 2021 to December 2021 salaries and wages on the lodgement of the 2021-22 AAR.
- In mid-2022: more information will be published about the waiver reconciliation and the completion of the AAR.

Waiver vs Exempt Wages

- Tasmanian taxable wages that are subject to the waiver do not amount to “exempt wages” under the [Payroll Tax Act 2008](#). Rather “waiver” means the Commissioner forgoes his right to collect tax on taxable wages.
- Practically, this means where tax has been “waived” from Tasmanian taxable wages, these wages are still included as Australian Group Wages for the various calculations under the Payroll Tax Act. However, once a tax liability is determined, the Commissioner does not collect the portion of the tax payable on the waived Tasmanian taxable wages.

More information from the State Revenue Office

Email your enquiry to the SRO at: taxhelp@treasury.tas.gov.au.