



PAYROLL TAX

Commission Position Paper CGC 2008/05

***SUBMISSION BY SOUTH AUSTRALIAN
DEPARTMENT OF TREASURY AND FINANCE***

JANUARY 2009

SOUTH AUSTRALIAN SUBMISSION ON PAYROLL TAX

Issues raised by Commission staff in Commission Position Paper 2008/05 (September 2008) included:

1. *Whether the adjustment for Agriculture, forestry and fishing is required?*

The Commission stated in the position paper that based on materiality grounds, it intends to discontinue the Agriculture, forestry and fishing adjustment.

SA response

Table 1 of the Commission's Position Paper 2008/05 provides the financial impact of the Agriculture, forestry and fishing adjustment in the 2008 Update for each State. The table shows that the adjustment had a \$3.44 per capita impact on Tasmania – the largest impact among the States.

The Commission has applied the \$10 per capita materiality threshold to this adjustment to derive its finding that the adjustment is not material. We question whether the lower \$3 per capita data adjustment materiality threshold should be applied in this instance.

The Agriculture, forestry and fishing adjustment is achieving a similar result as the adjustment proposed for diplomatic, consular and Australian Government vehicles in the motor taxes assessment (CGC Position Paper 2008/9). It would seem anomalous to apply the \$10 per capita threshold to the Agriculture, forestry and fishing adjustment but the lower \$3 per capita data adjustment materiality threshold to diplomatic, consular and Australian Government vehicles.

2. *Whether the tax free threshold should be changed?*

SA response

South Australia agrees with the Commission's proposal to increase the tax free threshold in the 2010 Review to reflect increases in State thresholds that have occurred since 2001-02 and to update it each year thereafter in line with States' actual tax free thresholds.