

EXPLANATORY MEMORANDUM

PAY-ROLL TAX RELIEF (COVID-19 RESPONSE)
AMENDMENT BILL 2020

The Pay-roll Tax Relief (COVID-19 Response) Amendment Bill 2020 amends the *Pay-roll Tax Relief (COVID-19 Response) Act 2020* (the Act) to extend the sunset clause from 21 April 2021 to 21 April 2022.

The Act was originally introduced in response to the COVID-19 pandemic to provide:

- a four-month payroll tax waiver for businesses with wages less than \$7.5 million in the 2019-20 financial year; and
- a payroll tax exemption for wages subsidised by the Commonwealth Government's JobKeeper scheme.

Sections 6 and 11 of the Act provide regulation-making powers to allow other wages to be prescribed as exempt from payroll tax for the purposes of providing relief from the economic impact of the COVID-19 pandemic.

These powers were included to allow the Government to promptly provide other payroll tax relief without the need to draft and pass new legislation. For example, they were recently used to continue the exemption for wages subsidised by the JobKeeper scheme when it was extended until 28 March 2021.

The sunset clause in section 12 of the Act will automatically repeal the Act on 21 April 2021. The regulation-making powers will cease from this date and any regulations in force will no longer have effect.

This Bill extends the sunset clause of the Act until 21 April 2022. This will preserve the regulation-making powers in the event other payroll tax relief measures are required after 20 April 2021.

The Bill does not extend the original relief measures contained in the Act or provide any new exemptions.

Clause 1: Short Title

This clause provides that the short title of this Act is the *Pay-roll Tax Relief (COVID-19 Response) Amendment Act 2020*.

Clause 2: Commencement

This clause provides the commencement dates for the Act.

- Sections 1 and 2 come into operation when the Act receives Royal Assent (assent day).
- The rest of the Act comes into operation on the day after assent day.

Clause 3: Act amended

This clause provides that the Act amends the *Pay-roll Tax Relief (COVID-19 Response) Act 2020*.

Clause 4: Section 2 amended

This clause amends section 2(c), which provides the commencement date for the sunset clause. The amendment provides that the sunset clause will commence on 21 April 2022. The use of a specific date will avoid any ambiguity about the repeal date.