

**PAY-ROLL TAX (INDIGENOUS WAGES) REBATE BILL 2012**

*Introduction and First Reading*

Bill introduced, on motion by **Mr C.J. Barnett (Treasurer)**, and read a first time.

Explanatory memorandum presented by the Treasurer.

*Second Reading*

**MR C.J. BARNETT (Cottesloe — Treasurer)** [10.28 am]: I move —

That the bill be now read a second time.

This bill seeks to implement the government's 2012–13 budget commitment to provide a full rebate of payroll tax for small to medium businesses for wages paid to new Indigenous employees over the first two years of employment. This ongoing rebate is estimated to save employers a total of around \$3 800 for each new Indigenous employee and will help to improve employment opportunities for people who remain among the most severely disadvantaged groups in the labour market.

As announced in the budget, the bill proposes that the rebate will be paid to employers with Australia-wide payrolls of up to \$15 million for Western Australian wages paid in the first two years of employment to new Indigenous employees for whom they also receive a commonwealth Indigenous wages subsidy. Related employers will be eligible for one rebate for the group, with individual employers being entitled to the proportion of the group's rebate that relates to Western Australian wages they have paid to eligible new Indigenous employees during the period. The explanatory memorandum associated with this bill includes detailed examples of the rebate calculation in respect of employers who are grouped or whose status changes partway through the year.

To be eligible for the rebate, an employer will need to be registered to pay payroll tax in Western Australia during each assessment year for which the rebate is claimed. This ensures that only those taxpayers that have complied with the Pay-roll Tax Assessment Act requirements to register and remit payroll tax will be provided with the rebate. The payroll tax rebate will apply from 1 July 2012 on wages for Indigenous employees engaged on or after that date. It will be calculated and paid by the Commissioner of State Revenue without application having to be made by the employer, provided the employer has lodged all necessary information as part of the annual payroll tax reconciliation process.

The first rebate payments will be made to eligible employers in the first half of 2013–14 after their 2012–13 annual reconciliation process is complete. Subsequent years' payments will similarly be made after the annual reconciliation process is completed. The rebate will be based on an eligible employer's primary payroll tax liability for Western Australian Indigenous wages, and will not extend to any amounts of penalty tax or interest that an employer has incurred in an assessment year. The rebate has an estimated cost of \$1 million over the four years to 2015–16.

I commend the bill to the house.

Debate adjourned, on motion by **Mrs C.A. Martin**.