

Payroll Tax

Webinar 4: Grouping Provisions



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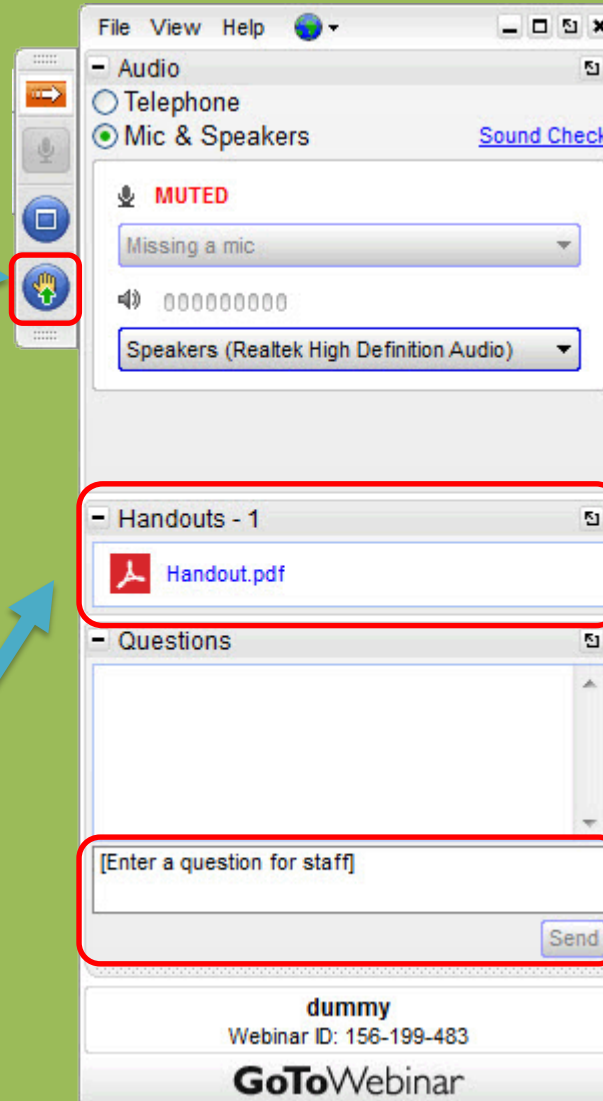
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Payroll Tax Webinars

- Webinar One** Understanding the basics – what it is, how it works
- Webinar Two** Allowances, FBT, exemptions and rebates
- Webinar Three** Contractors
- Webinar Four** Groupings

Agenda

- Grouping provisions – background
- How a group is formed
- Exclusions

Grouping Provisions Background

Deduction based
on groups total
Australian wages

One deduction
for the group

Joint & several
liability

Forming a group



Forming a group



Related Corporations

Holding/subsidiary relationship under Section 50 of the *Corporations Act 2001*

One Pty Ltd



Two Pty Ltd



Three Pty Ltd

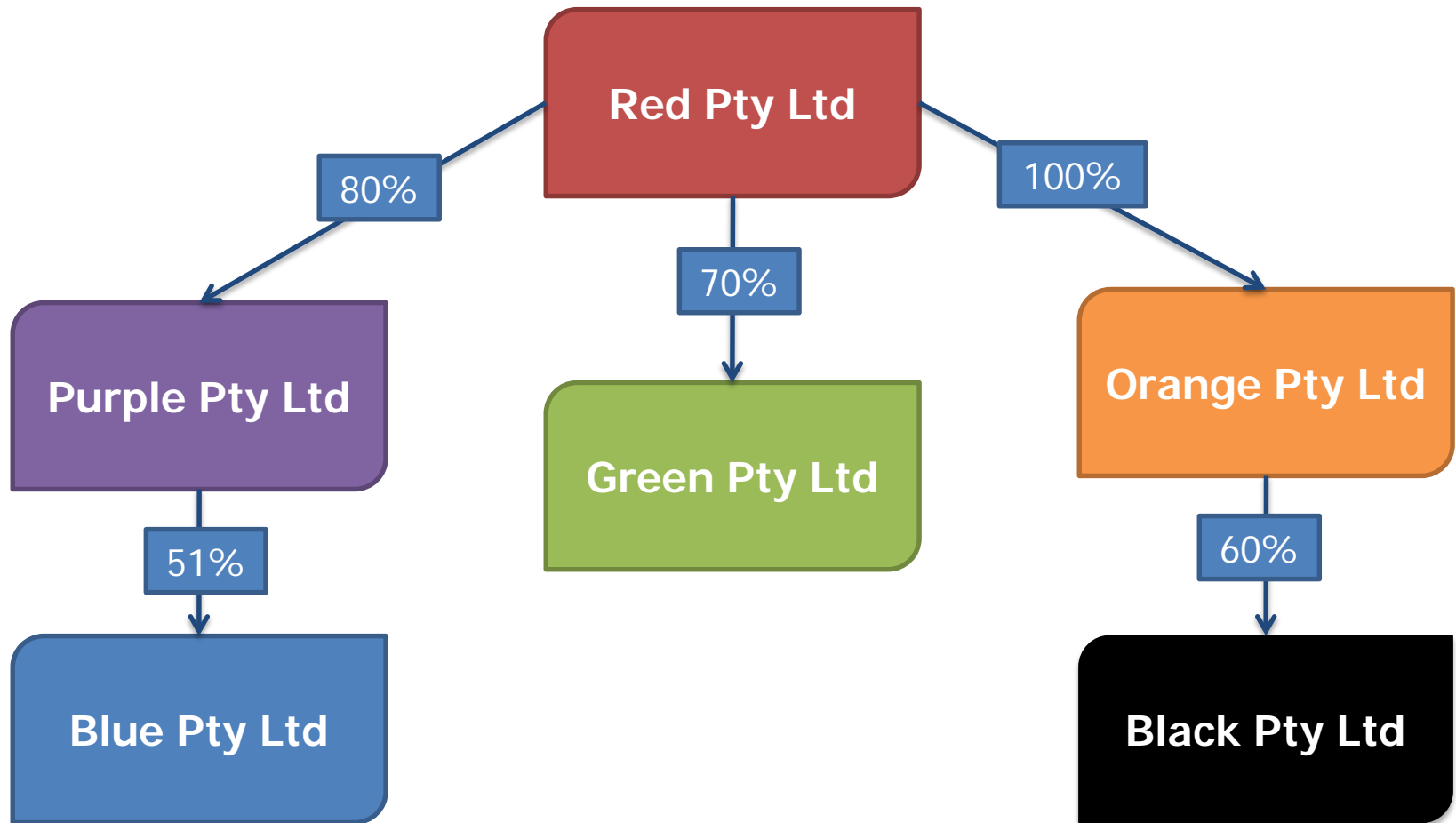
Controls composition of board of Directors

Controls >50% of votes at a general meeting

Holds >50% of issued share capital

Body corporate is a subsidiary of a holding company of another body corporate

Related Corporations



Forming a group



Common Employees

Performs
duties solely
or mainly for
that other
business

OR

Works for
another
business due
to an
arrangement
between
businesses

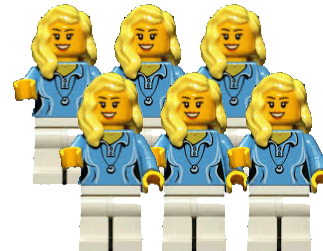
Common Employees

An employee of one employer performs duties for a business carried on by another person

Mr Blue



Mrs Blue

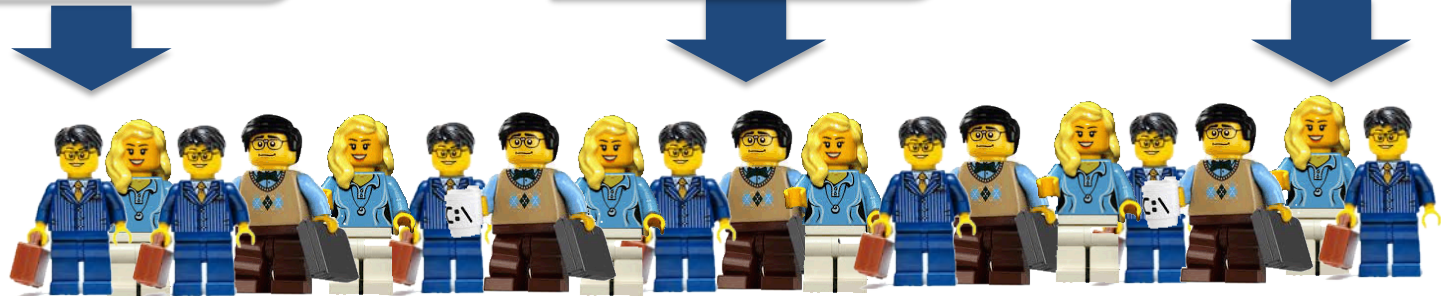
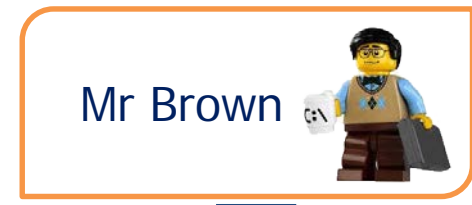


Mr Brown



Common Employees

An employee of one employer performs duties for a business carried on by another person



The sole traders Mr Blue, Mrs Blue and Mr Brown are grouped for payroll tax purposes.

Forming a group



Common Control

A person, or set of persons together have a controlling interest in two or more businesses

Companies

Trusts

Sole Trader

Partnerships

Incorporated or
unincorporated
body

Common Control

Company

1 or 2 or more shareholders with
>50% of shares with voting rights

Majority of Directors common to
each business

Trust

More than 50% of units held

Any possible beneficiary of a
Discretionary Trust

Common
Control

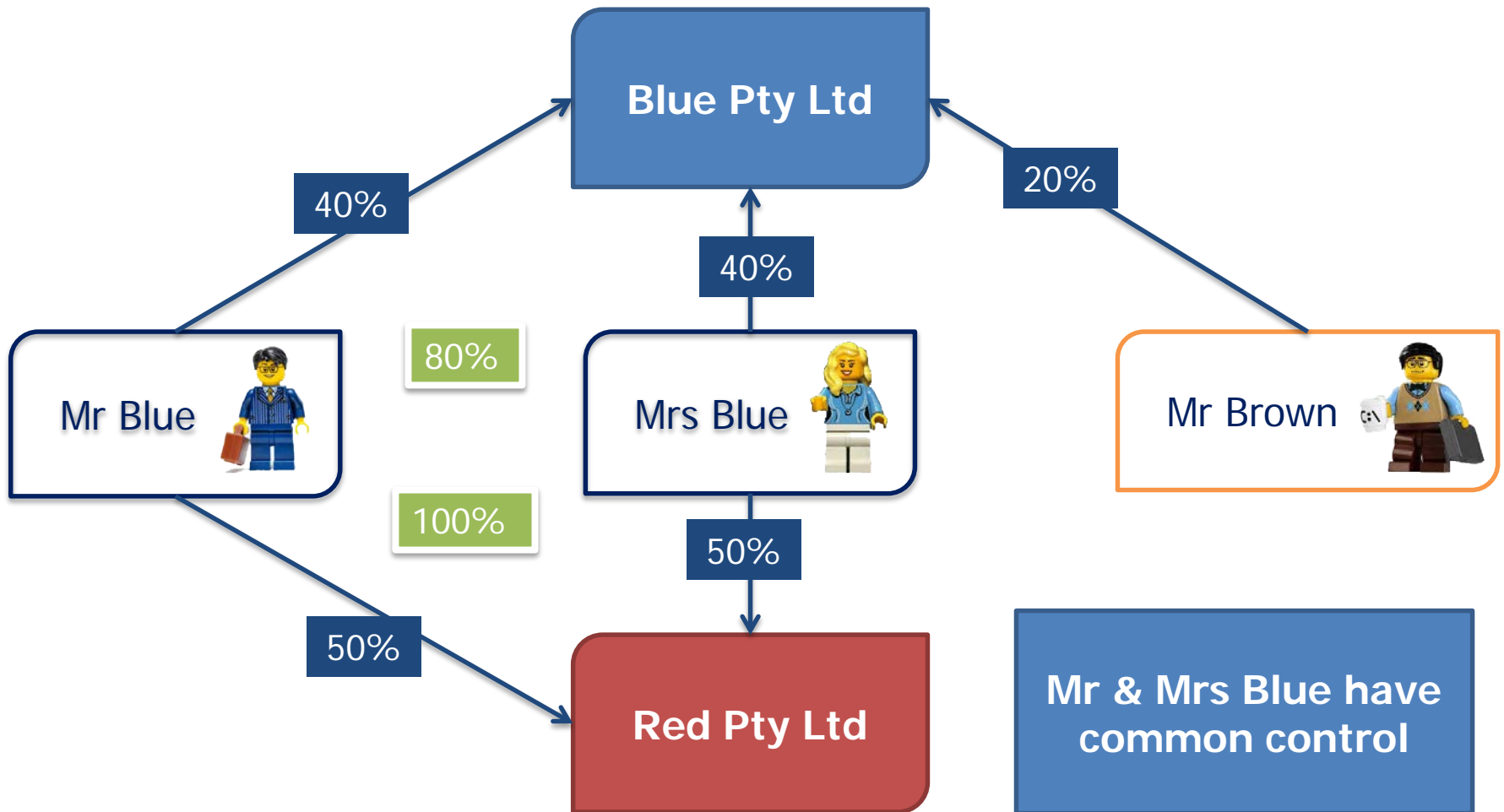
Partnership

Entitlement to >50% profits or
capital of the partnership

Incorporation

>50% of the board or can control
composition of the board

Common Control



Forming a group



Tracing of Interests

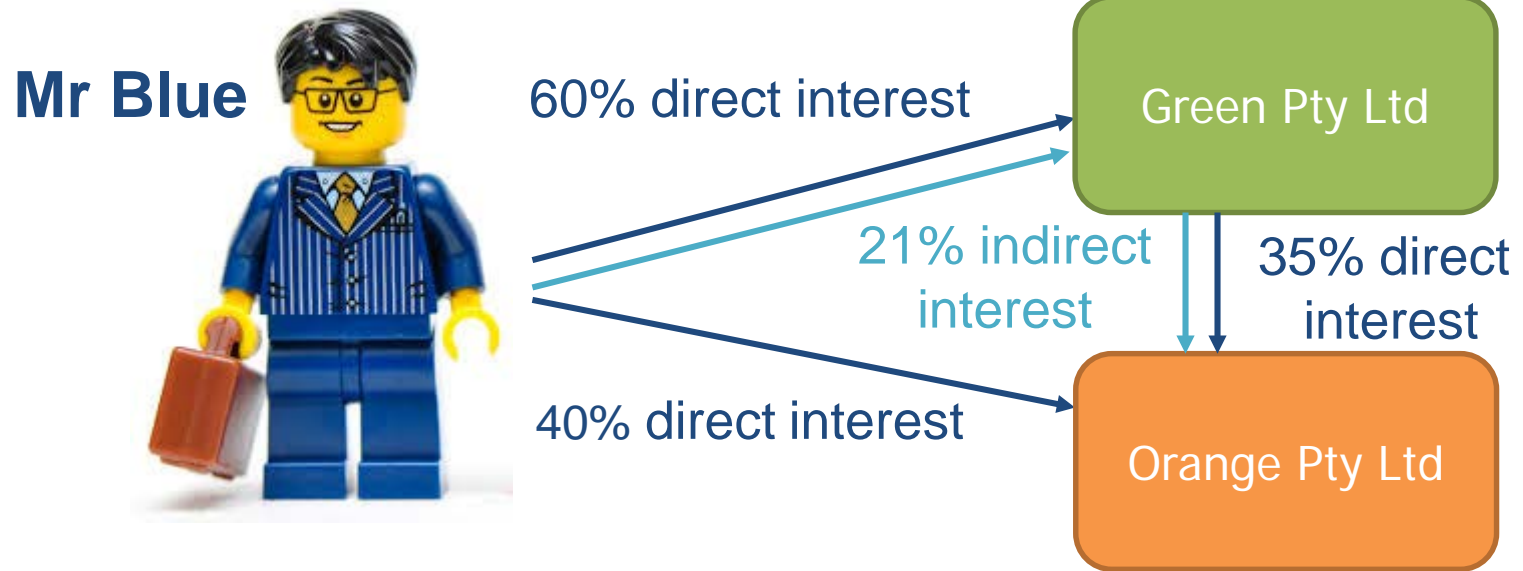
Tracing establishes control in a 'chain of businesses'

A relevant entity will control a corporation if it controls more than 50% of the voting shares held either directly, indirectly or through an aggregation of:

Direct
interest

Indirect
interest

Tracing of Interests



Mr Blue has an indirect interest in Orange Pty Ltd of $60\% \text{ of } 35\% = 21\%$

Mr Blue has an aggregate interest in Orange Pty Ltd of $40\% + 21\% = 61\%$

Green Pty Ltd and Orange Pty Ltd would be grouped as Mr Blue has control of both companies.

Business is part of two or more groups

If a business is a member of two or more groups, the member of the groups together are considered as one large group

Group One

Orange Pty Ltd

+

Blue Pty Ltd

Group Two

Orange Pty Ltd

+

Purple Pty Ltd

Group Three

Orange Pty Ltd

+

Green Pty Ltd

Orange Pty Ltd

Blue Pty Ltd

Purple Pty Ltd

Green Pty Ltd

Exclusions

Grouping provisions are broad and may result in unintended groupings

Common management?

Nature of businesses?

Owners of businesses?

Shared resources?

Shared premises?

Financial dependence?

Loans?

Goods/ services?

Bulk buying?

Trade between businesses?

To apply for an exclusion, businesses must be operating independently and not connected

Further information



payrolltax.gov.au

NSW

revenue.nsw.gov.au

SA

revenuesa.sa.gov.au

VIC

sro.vic.gov.au

QLD

qld.gov.au/osr

NT

treasury.nt.gov.au

TAS

sro.tas.gov.au

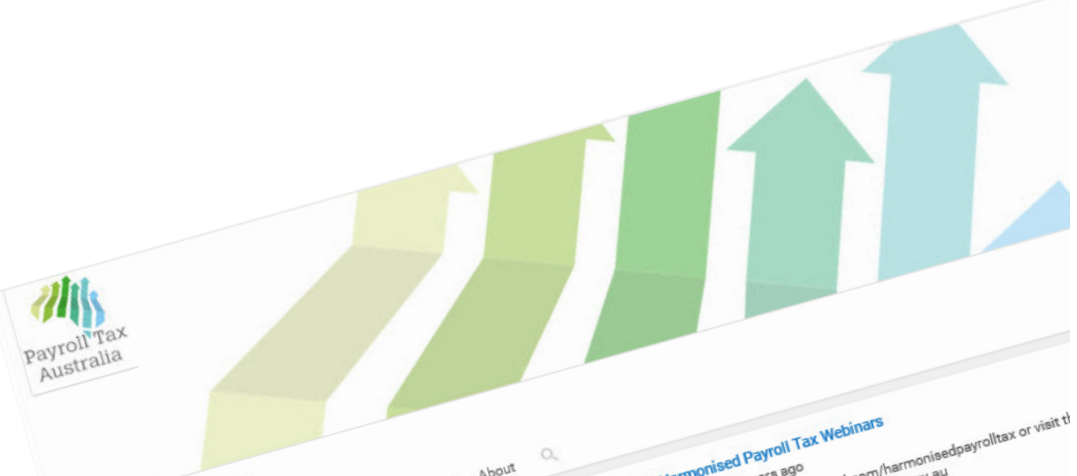
WA

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