

7 April 2020

Mr Neville Power
Chair
National COVID-19 Co-ordination Commission
Department of the Prime Minister and Cabinet
PO Box 6500
Canberra ACT 2600

By email: nccenquiries@pmc.gov.au

Dear Commissioner,

JobKeeper Subsidy – Exemption from State Payroll Tax

The National Tax Liaison Group (**NTLG**) is the Australian Taxation Office's (**ATO**) longest standing consultative forum, focusing on strategic taxation matters of national interest. The primary objective of the NTLG is to provide a wide range of stakeholders with the opportunity to discuss the strategic direction of the tax system and to deliver opportunities for improvements to the administration of the tax system. The NTLG's membership is comprised of senior ATO and Treasury officers and representatives of the major tax, law, and accounting professional associations. Details of the activities of the NTLG, including its membership, can be found [here](#).

Chartered Accountants Australia and New Zealand, Corporate Tax Association, CPA Australia, Institute of Public Accountants, Law Council of Australia and The Tax Institute (together **the Joint Bodies**) are the external members of the NTLG. We write to you as the peak professional accounting and tax practitioner bodies in Australia representing the tax profession at this critical time.

We are writing to you to seek clarification on the payroll tax treatment of the JobKeeper payment. Whilst all states have put in place various payroll tax deferral initiatives which are welcome, there is in our view a need for a consistent and uniform treatment of the Federal governments proposed JobKeeper payment for state payroll tax purposes.

As the fact sheet on the JobKeeper payment notes, “the program is a wage subsidy to support employees and businesses, and designed to help businesses affected by the Coronavirus to cover the costs of their employee’s wages, so that more employees can retain their job and continue to earn an income”.

Whilst the delivery mechanism of the subsidy is via existing payroll systems, it is in essence a simplified process to ensure a government subsidy flows through to employees and is in principle not salary and wages. It is our view, like the announcement in South Australia, that all states should, as a matter of priority, make it clear that \$1,500 per fortnight per employee JobKeeper payment is exempt from payroll tax. To have inconsistent treatment across states would not only be inequitable but would add a layer of complexity to a process that is already presenting significant challenges for both the ATO and employers.

If you would like to discuss any of the above, please contact Tax Counsel Stephanie Caredes on 02 8223 0059 in the first instance.

Yours faithfully,



Peter Godber
President
The Tax Institute




Michael Croker
Tax Leader Australia
Chartered Accountants Australia and New Zealand




Michelle de Niese
Executive Director
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Dr Gary Pflugrath
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Chair – Business Law Section
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CC:

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