

Exempt Wages and Other Non-liable Payments

Workers Compensation Payments

Payments of compensation made in accordance with any workers compensation legislation are not liable to payroll tax, whether made by the employer or the insurer. However, payments in excess of the amounts prescribed in the workers compensation legislation (generally referred to as 'make-up pay') are taxable.

Apprentices and Graduates

An exemption applies to wages paid to:

- apprentices within the meaning of the *Northern Territory Employment and Training Authority Act*; and
- graduates of approved tertiary institutions employed under trainee arrangements approved by the Commissioner. The exemption is for the first six (6) months of wages paid but does not apply if the graduate was employed by the employer at any time before graduating.
- See Commissioner's Guideline [CG-PRT-003: Exemption for graduate trainee employees](#) for more information.

Note: Wages include superannuation contributions, allowances, fringe benefits etc.

Defence Force Payments

Wages paid by an employer to an employee on leave to work in the defence forces are exempt from payroll tax.

Redundancy Payments

A genuine redundancy or early retirement payment paid to an employee on termination is exempt from payroll tax if it is exempt from income tax. However, the exemption applies only to the income-tax-free component of such a payment. Any amount of a genuine redundancy or early retirement payment, paid in excess of the income-tax-free limit, is subject to payroll tax.

Maternity, Paternity and Adoption Leave

From 1 July 2009, wages paid to employees on maternity, paternity or adoption leave are exempt from payroll tax. The exemption applies as follows:

- all wages (other than fringe benefits) paid to female employees taking maternity leave, male employees taking paternity leave and male or female employees taking adoption leave are exempt;
- the exemption does not apply to paid sick leave, annual leave, recreation leave, long service leave or similar leave taken while the employee is absent due to the pregnancy or the birth of their child or adoption;
- the exemption is limited to a maximum equivalent of 14 weeks full-time pay for full-time employees and 14 weeks part-time pay for part-time employees, and
- the exemption applies irrespective of whether the leave is taken before or after the birth or adoption.

Employers who claim the exemption for:

- maternity leave must obtain a medical certificate or statutory declaration from the employee in relation to the pregnancy or birth of the child;
- paternity leave must obtain a statutory declaration from the employee in relation to the pregnancy or birth of the child; and
- adoption leave must obtain a statutory declaration from the employee that an adoption order has been made or that the child is in the employee's custody pending such an order.

Paid Parental Leave Scheme

Payments made under the Commonwealth's Paid Parental Leave Scheme are not liable for payroll tax as they are not paid by an employer in respect of services provided by an employee (or in anticipation of future services to be provided by an employee).

For further information please see [PTA037 Paid Parental Leave](#).

Volunteer Emergency Workers

From 1 July 2009, wages paid to employees in respect of any period that they are engaged in:

- bushfire fighting activities as a voluntary member under the *Fire and Emergency Act*; or
- emergency activities as a voluntary member under the *Disasters Act* or the *Fire and Emergency Act*.

The exemption does not apply to employees who are on official leave (for example recreation, long service or sick leave).

Community Development Employment Projects

Wages paid to an Aboriginal person, including a Torres Strait Islander, who is employed under a Community Development Employment Project funded by the Commonwealth Department of Employment and Workplace Relations, or the Torres Strait Regional Authority, are exempt from payroll tax.