



**PAY-ROLL TAX CHANGES**  
**Overseas Employees Exemption /**  
**Interaction of Pay-Roll Tax and GST**  
*Pay-roll Tax Act*

Issued: June 2000

Revenue Circular PRT 006

**TERRITORY REVENUE MANAGEMENT**

Postal Address: Commissioner of Taxes, GPO Box 154, Darwin NT 0801  
Office Location: Commissioner of Taxes, 38 Cavenagh Street, Darwin NT  
Website: [www.nt.gov.au/nt/revenue](http://www.nt.gov.au/nt/revenue)

Telephone: (08) 8999 7949  
Facsimile: (08) 8999 5577  
Email: [ntrevenue.ntt@nt.gov.au](mailto:ntrevenue.ntt@nt.gov.au)

**Purpose of this circular**

1. *Revenue Circular* PRT 005 issued in May 2000 advising of proposed pay-roll tax changes announced in the 2000-01 Territory Budget. Legislative amendments to effect these changes have now passed through the Territory Parliament.
2. The purpose of this circular is to clarify certain aspects of the changes in relation to:
  - a) the transitional arrangements that will apply to the qualifying period for a pay-roll tax exemption on wages paid to overseas employees; and
  - b) the pay-roll tax treatment of payments to workers which may include goods and services tax (GST).

**Overseas Employment Exemption – Transitional Arrangements**

3. The exemption for wages paid by employers to overseas employees was announced as part of the 2000-01 Northern Territory Budget and is to commence from 1 July 2000. Section 6 of the *Pay-roll Tax Act* has been amended to provide an exemption from pay-roll tax for wages paid for services performed in another country for a continuous period of 6 months or longer.
4. The exemption applies only to wages paid in excess of the six-month qualifying period.
5. Transitional arrangements have also been passed to take into account continuous service performed by employees immediately prior to the 1 July 2000 commencement date. This means that services performed by employees in another country prior to 1 July 2000 are included for the purposes of assessing the six-month qualifying period.
6. More specific details of the measure can be found at paragraphs 8-12 in *Revenue Circular* PRT 005.

**Pay-roll Tax and GST**

7. As a general rule, the activities done as an employee are not taxable supplies and therefore not subject to GST. However, in some limited instances, payments that are deemed to be wages for pay-roll tax are subject to GST. The legislation has been amended to ensure that pay-roll tax is not charged on the GST component, if any, of payments that are defined as, or deemed to be, wages.

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The above is a general summary of the amendments. Reference should be made to the *Pay-roll Tax Amendment Act 2000* for precise details. If further assistance is required, please contact the Returns Officer on telephone (08) 8999 7949 or facsimile (08) 8999 5577.

COMMISSIONER OF TAXES