Queensland Government

ADMINISTRATIVE ARRANGEMENT

Payroll Tax Act 1971

Temporary payroll tax amnesty for certain regional employers who have incorrectly claimed the payroll tax regional discount

BACKGROUND

Under the *Payroll Tax Act 1971* (Payroll Tax Act), payroll tax is imposed on taxable wages paid or payable by an employer or group of employers in a financial year once the payroll tax exemption threshold ($1.3 million) is exceeded.

Employers, or groups of employers, with annual Australian taxable wages of $6.5 million or less are subject to a payroll tax rate of 4.75 per cent. Employers, or groups of employers, with annual Australian taxable wages of more than $6.5 million, are subject to a payroll tax rate of 4.95 per cent.

In 2019, the former Queensland Government introduced Section 10A of the Payroll Tax Act to provide a 1 per cent discount on these payroll tax rates for regional employers (the Discount), subject to meeting eligibility requirements. The Discount applies to all payroll tax return periods for financial years ending 30 June 2020 to 2030 inclusive.

The two primary requirements to satisfy eligibility for the Discount are that a regional employer must have their principal place of employment in regional Queensland and pay at least 85 per cent of their taxable wages to regional employees (employees whose principal place of residence is in regional Queensland).

The *Taxation Administration Act 2001* (Taxation Administration Act) supports the Payroll Tax Act by providing general provisions relating to the administration of payroll tax. For example, in relation to the making of payroll tax assessments, including reassessments, and providing for refunds.

During the COVID-19 pandemic, taxation authorities across Australia, including the Queensland Revenue Office (QRO), adjusted their audit and compliance activities in recognition of the significant pressures facing businesses. Following the resumption of these activities in 2025-26, compliance activity undertaken by the QRO identified certain employers' misunderstanding of the requirements for an employee to be a 'regional employee' for the purposes of the Discount.

The Queensland Government recognises the importance of providing certainty to regional employers and ensuring that affected businesses are not unfairly impacted by the uncertainty of the policy introduced by the former Government.

On 6 November 2026, the Treasurer, Minister for Energy and Minister for Home Ownership approved this administrative arrangement setting out the basis on which the payroll tax amnesty will be administered.

The Government's decision to establish the amnesty reflects its commitment to supporting regional Queensland businesses while addressing historical compliance issues associated with the regional payroll tax discount.

Queensland Government

Administrative arrangement

Definitions

1. ***Amnesty period*** means up until 31 December 2026 and commences on the later of the following:

    a. 1 July 2019; or

    b. if the employer was, or is currently, subject to audit activity – the earliest financial year that the audit activity relates to; or

    c. if the employer has not been subject to audit activity – the financial year that is 5 years before the date the employer's application for the amnesty is made.

2. ***Operative period*** means the date for which the amnesty period commences for a particular employer and ends on the earlier of the following:

    a. 31 December 2026; or

    b. The date, following the finalisation of audit activity, since the employer has been in compliance.

3. ***Audit activity*** means compliance activity, including an audit or investigation, undertaken by the Queensland Revenue Office in relation to payroll tax and commenced prior to the date of commencement of the administrative arrangement.

4. ***Deemed regional employee*** means an employee who:

    a. temporarily resides in regional Queensland; and

    b. at least one of the following applies:

        i. the employee's principal place of residence is not located within Australia; or

        ii. the employee is engaged in seasonal work for the employer.

5. ***Seasonal work*** means work that, because of its nature or factors particular to the industry in which it is performed, is available at approximately the same time or times every year, having regard to climatic events, for part or parts only of the year.

Eligibility requirements for the amnesty

6. An employer is eligible for the amnesty where:

    a. during the amnesty period;

    b. they lodged returns incorrectly claiming the Discount on the rate of payroll tax available for regional employers;

    c. the reason they are ineligible is that they have failed to meet the eligibility requirement for the Discount to pay 85 per cent of taxable wages to regional employees;

Queensland Government

d. the reason the 85 per cent requirement has not been met is because they included taxable wages paid to employees that temporarily reside in regional Queensland, but whose principal place of residence (PPR) is not located in Australia, or they are engaged in seasonal work;

e. all other eligibility requirements for the Discount have been met during the amnesty period; and

f. they satisfy the relevant requirements below:

    i. where the payroll tax employer was subject to audit activity that has been finalised – they have remained in compliance since the audit was finalised.

    ii. where the payroll tax employer is currently under audit – they comply with audit requirements and remain in compliance after the audit is finalised.

    iii. for all other payroll tax employers – they will need to:

        1. bring themselves into compliance by 31 December 2026 and remain in compliance; and

        2. identify their eligibility and interest in claiming the amnesty with QRO by completing and submitting an application form (relevant form) by 30 June 2027, subject to exercise of the Commissioner of State Revenue's discretion to extend this date in exceptional circumstances.

Effect of the amnesty for payroll tax

7. For the duration of the operative period, deemed regional employees are considered regional employees for the purposes of claiming the Discount.

8. To remove any doubt, the amnesty only applies to employers that satisfy the eligibility requirements for the amnesty. For example, employers who have correctly not claimed the Discount during the amnesty period are not eligible for the amnesty.

9. Where an employer is a member of a group for payroll tax purposes, each group member that applies for the amnesty must separately satisfy the eligibility requirements.

10. Employers who do not participate in the amnesty may still be subject to compliance activity.

Administration

11. It is intended that all provisions of the Payroll Tax Act and Taxation Administration Act will apply to the amnesty unless their operation is modified by this administrative arrangement.

12. For the purposes of the amnesty, the limitation period in section 21 of the Taxation Administration Act does not apply to reassessments decreasing an employer's liability for tax if the commencement of the amnesty period for the employer is more than 5 years before the date of the reassessment.

13. Employers who were subject to audit activity that has been finalised or are currently under audit will not be required to submit the relevant form. Where possible, QRO will use information it

Queensland Government

already has to minimise impacts for employers. Where further information is needed, QRO will contact the employer.

14. Employers must provide all documents and information requested by QRO for determining their eligibility for the amnesty.

15. The Commissioner's decision that an employer is not eligible for the amnesty, or a decision not to extend the time for lodging the relevant form, is non-reviewable.

Commencement

This administrative arrangement applies on and from the date of approval.