



Damien Tudehope
Minister for Finance and Small Business

MEDIA RELEASE

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CRACK DOWN ON PAYROLL TAX AVOIDANCE ON WAGE THEFT

The NSW Government is set to introduce tough new laws designed to crack down on companies who avoid their payroll tax obligations on instances of wage theft.

Minister for Finance and Small Business Damien Tudehope said the new laws would serve as a major deterrent to the avoidance of payroll tax on unpaid wages or other practices associated with tax avoidance or minimisation.

“The new legislation, including harsher penalties and naming taxpayers who have underpaid payroll tax on wages, sends a clear message to businesses – do the right thing by your employees and by the taxpayers of NSW,” Mr Tudehope said.

“It will allow Revenue NSW to name taxpayers who have avoided payroll tax on underpaid wages and will also allow Revenue NSW to disclose information to the Commonwealth Fair Work Ombudsman to assist in its wage theft investigations.”

Payroll tax is paid by employers when total wages for a financial year is above \$1.2 million in NSW. Unpaid wages constitute taxable wages for the purposes of payroll tax.

Modelling undertaken by PwC estimates 13 per cent of Australian workers are underpaid a total of around \$1.35 billion per year, with potentially millions of dollars being missed out in payroll tax revenue on unpaid wages in NSW.

Mr Tudehope said while the majority of businesses did the right thing, there were some who flouted their obligations.

“The NSW Government is committed to playing its part in tackling wage theft as the underpayment of wages is not only unfair but completely unacceptable,” Mr Tudehope said.

“Wage theft not only impacts workers and their families, it also affects NSW taxpayers, who end up paying the price.

“Those who engage in wage theft deprive workers of their due wages and also minimise their payroll tax liabilities while gaining a competitive advantage over those who do the right thing.”

The new legislation will allow for Ministerial Guidelines to be developed which will set a framework for Revenue NSW’s Chief Commissioner to follow when looking to name taxpayers who have avoided payroll tax on underpaid wages.

It will also enable Revenue NSW to reassess payroll tax more than five years after the initial tax assessment when wages have been underpaid, and strengthen the penalties for taxpayers who do the wrong thing.

These measures are designed to complement the Commonwealth’s ongoing work to tackle wage theft at a national level by seeking to ensure NSW residents do not miss out on payroll tax revenue which funds critical services and infrastructure in local communities.

“The NSW Government will continue to work with the Commonwealth in this area as the Commonwealth is primarily responsible for legislating on industrial relations including dealing with wage theft,” Mr Tudehope said.

"The Commonwealth Government has shown leadership in this space but now this needs to come back onto the national agenda. The NSW Government is also calling on the Commonwealth Opposition and cross bench in the Senate to work constructively with the Commonwealth Government and establish a national framework for combatting wage theft.”

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Offence	Current penalty	New penalty
Fail to keep records needed to determine tax liability or to be produced to Revenue NSW as requested, including failure to keep records in English and for the minimum 5 years	100 penalty units (\$11,000)	250 penalty units (\$27,500)
Make or include records known to contain false or misleading information	100 penalty units (\$11,000)	500 penalty units (\$55,000). If the offender has previously committed the same offence, 1,000 penalty units (\$110,000).
Wilfully damage or destroy records	100 penalty units (\$11,000)	500 penalty units (\$55,000)
Knowingly give false or misleading information	100 penalty units (\$11,000)	500 penalty units (\$55,000). If the

to a tax officer, including deliberately omitting information		offender has previously committed the same offence, 1,000 penalty units (\$110,000) or imprisonment of up to 2 years (or both).
Fail or refuse to lodge a document, statement or return as required	100 penalty units (\$11,000)	250 penalty units (\$27,500)
Falsify or conceal the identity or location of a taxpayer or another person	100 penalty units (\$11,000)	500 penalty units (\$55,000)