

EXPLANATORY MEMORANDUM
Income Tax (Salary or Wages Tax) (Rates) (2018 Budget)(Amendment) Bill 2017

The bill proposes an amendment to reduce taxation of termination payments similar to superannuation payments. Termination payments are currently taxed at the marginal rate. This amendment is intended to ensure a fair and reasonable tax rate is applied to recognize long service employees.

Draft of 14/11/2017



No. of 2017.

Income Tax (Salary or Wages Tax)(Rates)(2018 Budget)(Amendment) Bill 2017.

ARRANGEMENT OF CLAUSES.

Imposition of Tax (Amendment of Section 1).



A BILL

for

AN ACT

entitled

Income Tax (Salary or Wages Tax) (Rates) (2018 Budget)(Amendment) Bill 2017,

Being an Act to amend the ***Income Tax (Salary or Wages Tax) (Rates) Act 1979,***

MADE by the National Parliament and deemed to come into operation 1 January 2019.

IMPOSITION OF TAX (AMENDMENT OF SECTION 1).

Section 1 of the Principal Act is amended by inserting after Subsection (3), the following new subsection:-

“(3A) The rate of salary or wages tax payable by an employee on that part of his income that consists of a payment of long service leave as specified in Section 46B(2B) of the **Income Tax Act 1959**, shall be determined by the number of years of service by that employee, in accordance with the following table:-

Years of Service	Less than 5 years	Not less than 5 years and not greater than 9 years	Not less than 9 years and not greater than 15 years
Rate of Tax	Rate of tax as prescribed by Subsection (1)	The lesser of 15% or the rate of tax as prescribed by Subsection (1)	The lesser of 8% or the rate of tax as prescribed by Subsection (1)

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