

February 4, 2014
2014-014

**Australia – Tax Authorities
Increase Payroll Tax
Reviews of Businesses**

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flash International Executive Alert

A Publication for Global Mobility and Tax Professionals by KPMG's International Executive Services Practice

Revenue Offices across all jurisdictions in Australia are undertaking more frequent payroll tax reviews to ensure compliance. The KPMG International member firm in Australia has noticed an increase in reviews – particularly in relation to refund requests.

Why This Matters

Proper payroll reporting for cross-border employees can be particularly challenging, especially if reportable amounts are paid abroad. With enhanced scrutiny of payroll tax matters by State Revenue Offices, proper payroll processes and tax compliance take on even more urgency as non-compliance can result in costly penalties and interest. Further, as a result of the intensifying focus on payroll tax audits, the ability to make a voluntary disclosure before an audit commences is becoming more difficult.

Identification of unregistered businesses has resulted in significant 'wins' for Revenue Offices across Australia. State Revenue Offices are now working closely together to identify non-compliance activities across jurisdictions. There is anecdotal evidence that audits in one state are often followed by audits in another state in which an entity operates. Additionally, some states may conduct audits of common employers on behalf of other states.

A main focus area of Revenue Office-initiated audits is the declaration of fringe benefits provided to employees. In many instances Revenue Offices have identified employers not declaring or under-declaring fringe benefits. Revenue Offices are also focusing on employee share schemes, grouping provisions, and contractor arrangements.

The state of Victoria is offering a short term concession until 31 March 2014, in respect of interest on underpaid tax and shortened review periods, where employers attend scheduled education sessions and make voluntary disclosures. Various other conditions apply.

KPMG Note

Being aware of wage base inclusions and exclusions is important in helping ensure all 'remuneration' is included in payroll tax returns (both monthly and annually).

Employers should take appropriate steps to be prepared for an audit by undertaking a review of their current payroll tax processes and procedures, and if required, consider making a voluntary disclosure in order to reduce potential penalties and interest charges.

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The information contained in this newsletter was submitted by the KPMG International member firm in Australia. The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

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