

Exempt Employers

Wages paid by some employers are exempt from payroll tax as provided under Part 4 and Schedule 2 of the PRT Act. An exemption will generally apply to wages paid by the following types of organisations:

- non-profit organisations having as their sole or dominant purpose a charitable, benevolent, philanthropic or patriotic purpose for wages paid to persons engaged exclusively in that kind of work (this exemption applies from 1 July 2009);
- public benevolent institutions, for wages paid to persons engaged exclusively in work of a public benevolent nature;
- religious institutions, for wages paid to persons engaged exclusively in religious work of that institution;
- non-profit non-government schools or colleges (other than technical schools or colleges), for wages paid to persons providing education at or below secondary level;
- public hospitals, for wages paid to persons engaged exclusively in the work of the hospital;
- non-profit private hospitals, for wages paid to persons engaged exclusively in the work of the hospital; and
- local governing bodies, other than for wages paid or payable in connection with prescribed activities (no such prescriptions applied at the time of printing).

It is important to note that generally, only wages paid to persons performing services that relate directly to the objects of the body are exempt. Wages paid to persons engaged in commercial or business activities are not exempt even if the proceeds of those activities are used to further the objects of the body.

Example

The ABC Charity operates a refuge for homeless people at a particular location. All employees at this location are engaged in work of a charitable nature and, given that ABC is a charitable body, the wages paid to them are exempt from payroll tax. If ABC also operates a retail health food store which is open to the general public, even though proceeds from the health food store are used by ABC to fund its charitable activities, wages paid to employees at this location are taxable if the total amount of taxable wages paid exceeds the exemption level.

For further information on the meaning of the term 'exclusively' in relation to charitable bodies, refer to [Payroll Tax Ruling PTA009 – Payroll Tax Charitable Exemption: Meaning of Exclusively](#).

This is not an exhaustive list of exempt employers and if any doubt exists as to whether wages paid by an organisation are exempt, contact TRO for clarification. Certain wages are also exempt from payroll tax. For further details, refer to ['Exempt Wages and Other Non-liable Payments'](#) on page 27.

Employers, who believe that they are exempt from payroll tax, should apply to TRO for a determination of their exempt status.