

# The Sydney Morning Herald

Exclusive Politics NSW Industrial relations

## NSW to introduce tougher tax laws to target wage theft



By **Nick Bonyhady**

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Business owners who cheat tax laws will face massively higher penalties as the Berejiklian government moves to raise fines to more than \$100,000 to crack down on wage theft.

Anyone who cooks their books or lies to inspectors about a state tax will be hit with the tougher penalties but the government has drafted the legislation to specifically target wage theft, which is closely linked to payroll tax.



NSW Finance Minister Damien Tudehope plans to introduce tougher laws for evading payroll tax. NICK MOIR

By underpaying staff or not declaring payments dishonest business owners can evade payroll tax, which in NSW is levied on wage bills of over \$1.2 million.

NSW Finance Minister Damien Tudehope took a swipe at the federal government as he announced the changes, set to be introduced to State Parliament in May, saying it needed to

## show leadership to address wage theft at a national level.

Under the new package of legislation, maximum penalties issued to offenders who lie to tax inspectors or make false records to conceal tax evasion will be increased from \$10,000 to \$110,000 per breach and the penalties are not constrained to payroll tax offences.

The proposed law will also let Revenue NSW publicly name the worst cases and, for the first time, disclose information to the federal government's wage watchdog in suspected underpayment cases.

"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.

"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 Morrison government has [since 2019](#) pledged to criminalise the most egregious cases of wage theft and introduced a bill to make it law as part of its industrial relations overhaul last year. But that bill fell apart in negotiations with the crossbench last month and the government [pulled the wage theft component](#) despite it enjoying [near-unanimous support](#) across the Parliament.

"The Commonwealth needs to show leadership in this space, put this issue back on their agenda and establish a national framework for combating wage theft," Mr Tudehope said.

A spokesman for Industrial Relations Minister Michaelia Cash pointed to federal successes in the area, including a record [\\$123 million of lost wages](#) recovered by the Fair Work Ombudsman last year.

The spokesman blamed Labor, which broadly opposed the government's industrial overhaul but ultimately voted to keep the wage theft provisions, for the bill's failure to become law.

"The government will continue to work with the crossbench to pass this legislation," the spokesman said.

Unions NSW secretary Mark Morey said the state government's changes did not go far enough because there were insufficient revenue inspectors to monitor all the state's businesses.

"They just haven't got the funds to put enough revenue inspectors into the system to monitor this stuff," Mr Morey said. Instead, he argued, unions should have much greater power to inspect businesses' books for underpayment.

In the last financial year, 140 full-time equivalent Revenue NSW staff pursued 4215 payroll tax investigations, with 79 per cent finding more tax should have been paid, worth a total of \$168.9 million.

Business NSW chief executive Nola Watson said business owners who underpaid staff or falsified accounts gave a bad name to the overwhelming majority who do the right things.

"Business NSW supports the NSW government increasing penalties for those who engage in systematic deception such as this and hope it will act as a major deterrent towards this duplicitous behaviour," Ms Watson said.

Victoria and Queensland already have state-based wage theft laws.