

Wage subsidies

Payroll Tax Act 2007
Revenue Ruling PTA010

Preamble

The *Payroll Tax Act 2007* (the Act), which commenced on 1 July 2007, rewrites the *Pay-roll Tax Act 1971* and harmonises the payroll tax legislation in Victoria and NSW.

From time to time, an employer may be eligible to receive a subsidy or partial reimbursement of wages paid from government authorities where the nature of employment accords with particular government policies. Under these circumstances, uncertainty may arise as to the amount that must be declared as wages.

The purpose of this Revenue Ruling is to clarify that where a wage subsidy has been received, the full amount of gross wages paid or payable to employees is subject to payroll tax.

Ruling

If an employer receives a subsidy from a government authority (whether State or Federal) in respect of wages paid to workers (e.g. a subsidy under the Wage Assistance Programme), the gross wages remain subject to payroll tax. The source of the funds used to pay wages to employees is not relevant in determining the payroll tax liability. In addition, the employer does not cease to be an employer merely because a wage subsidy has been received.

This Revenue Ruling is effective from 1 July 2007.

Please note that rulings do not have the force of law. Each decision made by the State Revenue Office is made on the merits of each individual case having regard to any relevant ruling. All rulings must be read subject to Revenue Ruling GEN.001.