STATE REVENUE OFFICE VICTORIA
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Revenue Rulings

Fees paid to golf professionals by golf clubs

Payroll Tax Act 2007

Revenue Ruling PTA.013 (version 2)

Ruling history	
Ruling no.	PTA.013 (version 2)
Status	Current
Issued date	24 May 2013
Replaces	PTA.013
Dates of effect	
From	1 July 2007
To	-

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 a number of Australian jurisdictions.

Even though a golf club may set a minimum number of working hours, a golf professional is unlikely to be a common law employee as the golf professional may be carrying on a business of providing professional golf services (whether in his/her own capacity, partnership or an incorporated entity). In addition, a golf professional is not usually entitled to the various types of paid leave that an employee is normally entitled to.

The income of a golf professional may include prize money, proceeds from the sale of goods in the pro shop, fees for golf lessons provided, and retainer and commission payments from a golf club. The purpose of this Revenue Ruling is to clarify a golf club's payroll tax liability on payments made to a golf professional.

Ruling

Although a golf professional is unlikely to be a common law employee of a golf club, the golf professional may be deemed as an employee of the golf club and any payments made to the golf professional may be deemed as wages under Division 7 of Part 3 of the Act (the Contractor Provisions). Deemed wages are subject to payroll tax under section 35 of the Act.

However, payments made by a golf club to a golf professional may be exempt from payroll tax if:

- the golf professional provides services to the golf club for no more than 90 days in a financial year (section 32(2)(b)(iii) of the Act). For more information on what constitutes a day's work, refer to Revenue Ruling PTA.014.
- the golf professional engages another person to assist in providing the services to the golf club (section 32(2)(c) of the Act). That person must be engaged in a substantially full-time capacity and provide services required of the golf professional under the contract between the golf professional and the club. Further, that person cannot merely be providing administrative services to the golf professional's business.
- the Commissioner of State Revenue (the Commissioner) is satisfied that the golf professional provides the same kind of services provided to the club, to the general public in that financial year (section 32(2)(b)(iv) of the Act). The Commissioner would generally accept that the golf professional provides services to the general public if the golf professional earns more than 50 per cent of his/her income as a golf professional from sources other than the golf club that engages him/her.

Grouping of the business of the golf professional and the golf club

Even if the payments to a golf professional were exempt under the Contractor Provisions, the business of the golf club may still be grouped with the business of the golf professional under Part 5 of the Act (the Grouping Provisions). If so, in calculating the payroll tax liability under the Grouping Provisions, all wages paid by the golf professional's business and those paid by the golf club are aggregated.

For the Grouping Provisions to apply, the business of the golf club and the golf professional would have to be substantially dependent or connected. Given the way that most golf professionals operate, if less than 50 per cent of the golf professional's income for providing professional golf services is derived from the golf club, the Commissioner would generally exercise his discretion not to group the golf professional with the golf club.

Golf clubs should apply to the Commissioner for a private ruling if they are uncertain as to whether their payments to golf professionals are subject to payroll tax.

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.

State Government Victoria

May 2013
Commissioner of State Revenue