

Revenue Rulings

Contributions to the Construction Industry Long Service Leave and Redundancy Funds

Payroll Tax Act 2007

Revenue Ruling PTA034

Ruling history	
Ruling no.	PTA034
Status	Current
Issued date	August 2008
Replaces	PT.049 & PT.126
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 Victoria and NSW.

In the building and construction industry, employers are required to contribute to a

- portable long service leave scheme, which provides long service leave benefits to employees employed in the industry, and
- redundancy fund, which provides redundancy benefits to workers employed in the industry.

In Victoria, the portable long service leave scheme is administered by ColNVEST Ltd as trustee for the Construction Industry Long Service Leave Fund in accordance with the *Construction Industry Long Service Leave Act 1997*. Redundancy funds for employees in the building and construction industry in Victoria are administered by the Redundancy Payment Central Fund Limited (trading as Incolink), which is the trustee company of the funds.

The purpose of this Revenue Ruling is to clarify whether payroll tax is payable on contributions made to these funds.

Ruling

Under section 14 of the Act, the definition of wages includes fringe benefits as defined in the *Fringe Benefits Tax Assessment Act 1986* (Cth) (the FBT Act). A contribution to the Construction Industry Long Service Leave Fund or the approved redundancy funds administered by the Redundancy Payment Central Fund Ltd is not subject to payroll tax as long as the payment does not constitute a fringe benefit under the FBT Act. To determine whether or not a contribution is a fringe benefit taxable under the FBT Act, please contact the Australian Taxation Office.

A payment of long service leave benefit or redundancy benefit from any of these funds is not taxable because the Commissioner of State Revenue does not regard such payments as wages for payroll tax purposes.

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.