

Revenue | Rulings

Penalty Charges under Superannuation Guarantee Charge

Revenue Ruling PT.086

Preamble

Effective from 1 July 1997, the definition of wages in the *Pay-roll Tax Act 1971* has been amended to include superannuation benefits that employers pay, or are liable to pay, in respect of their employees or deemed employees. Only superannuation benefits that relate to services performed on or after 1 July 1997 are taxable.

A superannuation guarantee charge within the meaning of the *Superannuation Guarantee (Administration) Act 1992* (Cth) ('SGA Act') is defined as being a superannuation benefit for the purposes of pay-roll tax.

The purpose of this ruling is to clarify which components of a superannuation guarantee charge are liable to pay-roll tax.

Ruling

A superannuation guarantee charge always includes:

- (i) the total of the employer's individual superannuation guarantee charge shortfalls for the year;
- (ii) the employer's nominal interest component for the year; and
- (iii) the employer's administration component for the year.

The sum of these three components is subject to pay-roll tax.

An employer's superannuation guarantee charge may also include a penalty component. Any penalty component of a superannuation guarantee charge imposed under sections 49, 59, 60 or 61 of the SGA Act is not subject to pay-roll tax.

WorkCover

This ruling has been developed in conjunction with the Victorian WorkCover Authority (VWA). It is recommended that before relying on this information, employers and advisers should confirm the current position with the employer's Authorised Insurer.

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.01.

Commissioner of State Revenue
July 1998