

Contractor deductions

Revenue Ruling PT.066

Replaces PT.017

CEASED 4 January 2006 CEASED 4 January 2006 CEASED 4 January 2006 CEASED 4 January 2006 CEASED 4 January 2006

Preamble

Section 3C of the Pay-roll Tax Act 1971 deems payments made under relevant contracts to be subject to pay-roll tax, unless a particular exemption applies. However, even where no exemption applies and the contract is subject to tax, the purpose of the section is to tax payments made in respect of labour only, excluding the costs of materials and equipment incurred by the contractor.

The purpose of this ruling is to clarify those deductions for materials and equipment, currently available, for particular types of contractors and to outline the manner in which new deductions may be granted.

Ruling

On the basis of submissions made by employers or representatives, the following percentage deductions have been allowed for particular types of contractors, on the basis that they approximate the amount of each contract representing the cost of materials and equipment.

Type of Contractor	Deduction from gross payments to contractor
Architects	5%
Blind Fitters (deduction rate applicable from 1 July 1991)	25%
Bricklayers	30%
Building Supervisors (who provide their own vehicles and inspect more than six sites per week)	25%
Cabinet Makers	25%
Carpenters	25%
Carpet layers	25%
Computer programmers	5%

Draftspersons	5%
Electricians	25%
Engineers	5%
Fencing contractors	25%
Painters	15%
Plumbers	25%
Resilient floor layers	37%
Roof tillers	25%
Tree fellers	25%
Wall and ceiling plasterers	20%

A special case exists in relation to contracting plumbers, electricians and cabinet makers engaged in the building industry where all materials, except prime cost items (such as down pipes and light fittings) are provided by the contractor. In such cases where the contractors are electricians, plumbers or cabinet makers the payments made to the contractors are exempt from pay-roll tax.

However, this exemption will not apply where materials are purchased by the contractor from the employer. Where this exemption does not apply, the prescribed rate set out above will apply to these contractors, and they may apply that deduction in the same manner as other industries.

If a deduction is not yet available for a particular class of contractor, an employer can apply in writing for a deduction and supply sufficient details regarding the cost of materials and equipment provided by the contractor, to allow a percentage deduction to be calculated.

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.

Denzil Griffiths

Commissioner of State Revenue

30 April 1994
