

Workers' Compensation Payments

Payroll Tax Act 2007
Revenue Ruling PTA015

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.

The definition of taxable wages under the Act generally includes the amount shown as gross wages on an employee's payment summary. However, employers are sometimes uncertain whether payments of workers' compensation are taxable.

The purpose of this Revenue Ruling is to clarify how workers' compensation payments are treated for payroll tax purposes.

Ruling

Payments of compensation made in accordance with the applicable workers' compensation schemes in Victoria and NSW are not subject to payroll tax. This is the case whether or not the payment to the worker is made by the employer or the insurer.

However, compensation paid to incapacitated workers, in excess of the amount prescribed by the relevant workers' compensation legislation (i.e. 'make-up pay') will be subject to pay-roll tax.

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.