

Contractor Deductions

Payroll Tax Act 2007

Revenue Ruling PTA018

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.

Parties to a 'relevant contract' are deemed to be employers and employees (sections 33 and 34 of the Act) and payments made under a contract are deemed to be wages (section 35 of the Act). Deemed wages are subject to payroll tax under section 36 of the Act.

While most contracts for the provision of services come within the meaning of 'relevant contract' under section 32 of the Act, certain types of contracts are specifically excluded from the definition of 'relevant contract'. Where none of the exclusions apply, section 35(2) of the Act allows the Commissioner of State Revenue (the Commissioner) to determine an amount which can be deducted from the payments made under the contract.

The purpose of this Revenue Ruling is to set out those deductions for materials and equipment for certain types of contractors and to outline the manner in which new deductions may be granted.

Ruling

Deductions below are for the non-labour components where the contractor provides equipment and/or materials. Based on submissions made by employers and industry representatives, the Commissioner has allowed the following percentage deductions:

Type of contractor	Deduction from gross payments to contractor
Architects	5%
Blind Fitters	25%
Bricklayers	30%
Building Supervisors (who provide their own vehicles and inspect more than six sites per week)	25%

Cabinet Makers/Kitchen Fitters	30%
Carpenters	25%
Carpet layers	25%
Computer programmers	5%
Draftspersons	5%
Electricians	25%
Engineers	5%
Fencing contractors	25%
Painters (who provide their own paint)	30%
Painters (who do not provide their own paint)	15%
Plumbers	25%
Resilient floor layers/vinyl layers	37%
Roof tillers	25%
Tree fellers	25%
Wall and ceiling plasterers	20%
Wall and Floor Tilers	25%

If a profession/trade is not listed above, a principal may apply to the Commissioner for a private ruling with details regarding the cost of materials and equipment provided by the contractor. Details on how to apply for a private ruling are set out in Revenue Ruling GEN.009.

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.