

Penalty Charges under Superannuation Guarantee Charge

Payroll Tax Act 2007
Revenue Ruling PTA030

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.

Under section 17(1) of the Act, wages include superannuation contributions that employers pay, or are liable to pay, in respect of their employees, deemed employees and directors. Therefore, superannuation contributions are subject to payroll tax.

One of the items listed in the definition of superannuation contributions in section 17 of the Act is superannuation guarantee charge within the meaning of the *Superannuation Guarantee (Administration) Act 1992* (Cth) (SGA Act).

The purpose of this Revenue Ruling is to clarify which components of a superannuation guarantee charge are subject to payroll tax.

Ruling

Superannuation guarantee charge is made up of:

- (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 payroll 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 or 59 of the SGA Act is not subject to payroll 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.