

Revenue Ruling

Ruling Number	:	PTA018
Title	:	Contractor Deductions
Tax Line	:	Payroll Tax
Legislative Reference	:	<i>Payroll Tax Act 2008</i>
Previous Ruling	:	PUB-PT-2008-19
Date of Ruling	:	1 July 2008
Attachments	:	-

Preamble

The *Payroll Tax Act 2008* (the Act), which commenced on 1 July 2008, rewrote the *Pay-roll Tax Act 1971* and harmonised payroll tax legislation in Tasmania with Victoria and New South Wales. A summary of the jurisdictions that have adopted this Revenue Ruling is available at: <http://payrolltax.gov.au/revenue>.

Parties to a 'relevant contract' are deemed to be employers and employees (sections 33 and 34 of the Act) and payments made under a relevant 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 Tilers	25
Tree fellers	25
Wall and ceiling plasterers	20
Wall and Floor Tilers	25

If a profession/trade is not listed on the following list, a principal may apply to the Commissioner for a determination with details regarding the cost of materials and equipment provided by the contractor.

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.

More Information

Enquiries about this Revenue Ruling should be directed to the Legislation, Communication and Review Section on telephone (03) 6166 4400 or e-mail at revenuereview@treasury.tas.gov.au.

All rulings must be read in conjunction with the 'Explanation and Status of Revenue Rulings' available on the SRO website, www.sro.tas.gov.au/resources/rulings.



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COMMISSIONER OF STATE REVENUE

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