

## Public Ruling

Ruling Number	:	PTA032
Title	:	Payroll tax exemption for schools
Tax Line	:	Payroll Tax
Legislative Reference	:	<i>Payroll Tax Act 2008</i>
Previous Ruling	:	-
Date of Ruling	:	1 July 2008
Attachments	:	-

### Preamble

The *Payroll Tax Act 2008* (the Act), which commenced on 1 July 2008, rewrites the *Pay-roll Tax Act 1971* and harmonises the payroll tax legislation with Victoria and NSW.

Section 49 of the Act provides an exemption for the wages paid by organisations set out in Division 1 of Part 3 of Schedule 2 of the Act. Division 1 of Part 3 of Schedule 2 of the Act provides an exemption in Tasmania for wages paid by certain schools, colleges and Group Training Organisations.

These provisions represent one of the minor areas in which the Tasmanian, Victorian and NSW legislation is not fully harmonised. Therefore, the exemption for schools provisions only apply in Tasmania and Victoria.

The purpose of this Revenue Ruling is to explain the operation of the payroll tax exemption in Tasmania for wages paid by certain schools, colleges and Group Training Organisations.

### Ruling

#### Clause 4 of Schedule 2 – schools and colleges

Schools or colleges providing education at or below, but not above, the secondary level of education are eligible for the exemption provided they operate on a not-for-profit basis. The exemption is restricted to wages paid or payable to a person in relation to the provision of education within that school.

Examples of schools that would be eligible for exemption under this clause would include most conventional private primary or secondary schools.

Wages paid by technical schools and technical colleges are not exempt from payroll tax.

Additionally, wages paid or payable to a person in relation to the provision of education above the secondary level of education are subject to payroll tax.

Wages paid or payable by schools or colleges carried on by or on behalf of the State of Tasmania to a person in relation to the provision of education at or below, but not above, the secondary level of education are not exempt from payroll tax. This is because the employer is the Department of Education – which is liable for payroll tax (refer to PTA028 Employment Agency contracts – workers on-hired to government).

## **Clause 5 of Schedule 2 – Non-profit group apprenticeship and traineeship schemes**

Clause 5 of Schedule 2 of the Act provides an exemption for wages paid or payable to an employee who is employed for the purposes of administering or participating in a group apprenticeship or group training scheme by a non-profit group training organisation that is registered with the Tasmanian Training Agreements Committee.

### **Meaning of not-for-profit**

For the purposes of this exemption, not-for-profit means that the school or college must not conduct its activities for the profit or gain of the individual members of its governing body or organisation. In addition, assets must not be distributed to the individual members of its governing body or organisation in the event of the winding-up or dissolution of the school or college.

If there is any doubt regarding the status of a school or college, please apply to the Commissioner of State Revenue for a private ruling.

This Revenue Ruling is effective from 1 July 2008.

**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.**

Enquiries about this Revenue Ruling should be directed to the Research, Analysis and Legislative Review Section on telephone 03 6233 8070 or e-mail at [revenuereview@treasury.tas.gov.au](mailto:revenuereview@treasury.tas.gov.au). Copies of this ruling may be obtained from our website at [www.sro.tas.gov.au/rulings](http://www.sro.tas.gov.au/rulings).

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](http://www.sro.tas.gov.au/resources/rulings).



WK Sawford  
**COMMISSIONER OF STATE REVENUE**

#### **Enquiries:**

Telephone: (03) 6233 8070  
Facsimile: (03) 6234 3357  
Email: [revenuereview@treasury.tas.gov.au](mailto:revenuereview@treasury.tas.gov.au)  
Internet: [www.sro.tas.gov.au](http://www.sro.tas.gov.au)

#### **By Correspondence:**

The Commissioner of State Revenue, State Revenue Office  
GPO Box 1374, HOBART Tas 7001  
**In Person:** Ground floor  
Salamanca Building Parliament Square  
4 Salamanca Place HOBART TAS 7000  
PTA032

