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Payroll Tax Act 2008
Taxation Administration Act 1997

I3/85447[v3] Sept 2015

Employment Agency Contracts Chain of on-hire Declaration

Please read these notes before completing the declaration

- a) An employment agency contract is a contract under which a person (employment agent) procures the services of another person (service provider) for a client of the employment agent. Such a contract could be formal or informal and could be expressly made or implied.
- b) A 'chain of on-hire' occurs when an employment agent (Agent 1) on-hires a service provider to another employment agent (Agent 2) who in turn on-hires the service provider to its client.
- c) Division 8 of Part 3 of the *Payroll Tax Act 2008* (the Act) imposes payroll tax on wages paid by employment agents to staff on-hired under employment agency contracts.
- d) Revenue Ruling PTA027 states that where there is a chain of on-hire, the employment agent (that is, Agent 2) closest to the ultimate end user of the service provider is liable for payroll tax on the payment(s) made to Agent 1.
- e) This declaration is to be made by the employment agent who is the closest to the ultimate client who is the end-user of the labour provided by the service provider (that is, Agent 2). Please read Revenue Ruling PTA027 before completing this form.
- f) This declaration must be kept readily accessible by the agent closest to the service provider (that is, Agent 1) for five (5) years.
- g) Under the anti-avoidance provisions in section 42 of the Act, the Commissioner of State Revenue may impose a payroll tax liability on any party to the employment agency arrangement if of the opinion the arrangement has the effect of reducing or avoiding the liability of any part to pay payroll tax.

Name of the
service provider

Name of the employment Agent (**Agent 1**)
that has contracted with
the service provider

Name of the employment Agent (**Agent 2**)
that has contracted with Agent 1 and will
be further in-hiring the service provider)

Name of the **client** that has contracted
with Agent 2 and will be the ultimate end-
user of the service provider's labour

Declaration

Agent 2 declares to Agent 1 that (*tick one of the boxes*):

- Agent 2 is not liable for payroll tax *, or
- Agent 2 is liable for payroll tax and will pay the payroll tax liability that arises out of on-hiring (the service provider) to our client (that is, Agent 2 will pay payroll tax on all amounts paid to Agent 1 to procure the services of the service provider).

| | |
|--|---|
| I, Name of Agent 2 or authorised officer of Agent 2 | being an authorised officer of Agent 2, declare that the information provided in this form is true and correct. |
| Signature | / / Date |

* Note: If Agent 2 is not liable to pay payroll tax because its taxable wages are below the relevant threshold, amounts paid to the service provider by Agent 1 will be taxable.

PERSONAL INFORMATION PROTECTION STATEMENT

The Commissioner of State Revenue collects personal information from you for the purpose of administering the Taxation Administration Act 1997 (the TAA) and the Payroll Tax Act 2008. You are required to provide this information under the relevant provisions of the TAA, the Payroll Tax Act and Regulations made under those Acts.

Your personal information may only be disclosed in accordance with the provisions of the TAA and will be managed in accordance with the Personal Information Protection Act 2004. You may access your personal information on request to the Commissioner of State Revenue. You may be charged a fee for this service.