

# Revenue Ruling

Payroll Tax Act 2009

PTA014

## CONTRACTORS WHAT CONSTITUTES A DAY'S WORK

### Preamble

The *Payroll Tax Act 2009* (the "Act"), which commenced on 1 July 2009, rewrote and repealed the *Pay-roll Tax Act 1971* and provides fully harmonised legislation with New South Wales, Victoria, Tasmania and Northern Territory.

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 contracts' under **Section 32** of the Act, certain types of contracts are specifically excluded from the definition of 'relevant contract'. One exclusion is a contract for services of a kind ordinarily required by the designated person (the "principal") for less than 180 days in a financial year (**Section 32(2)(b)(ii)** of the Act). Another exclusion is a contract for the provision of services by a person providing the same or similar services to a principal under the contract for no more than 90 days in a financial year (**Section 32(2)(b)(iii)** of the Act).

The purpose of this Revenue Ruling is to clarify what constitutes a day's work for the purposes of **Sections 32(2)(b)(ii)** and **32(2)(b)(iii)** of the Act.

### Ruling

A calendar day on which work is performed under a contract is counted as a 'day' in determining the number of days on which work is performed by a contractor, regardless of the amount of time worked on that day.

#### Example 1

Day	Contractor A (Hours Worked)	Contractor B (Hours Worked)
Monday	1	12
Tuesday	1	8
Wednesday	4	10
Thursday	2	9
Friday	8	8
Saturday	2	5
<b>Total</b>	<b>18</b>	<b>52</b>

For the purposes of determining whether the exemptions provided by **Sections 32(2)(b)(ii)** and **32(2)(b)(iii)** of the Act apply, both Contractor A and Contractor B are considered to have worked for six days even though Contractor A has worked for only 18 hours for that period and Contractor B has worked for 52 hours during the same period.

### Further Information

Further information can be obtained from RevenueSA.

<b>Location</b>	RevenueSA State Administration Centre 200 Victoria Square East ADELAIDE SA 5000
<b>Postal</b>	Commissioner of State Taxation RevenueSA GPO Box 1353 ADELAIDE SA 5001
<b>Telephone</b>	(08) 8204 9880
<b>Facsimile</b>	(08) 8226 3805
<b>Email</b>	payrolltax@sa.gov.au
<b>Website</b>	www.revenuesa.sa.gov.au

### History

This Revenue Ruling is effective from 1 July 2009.

This is the first Revenue Ruling issued on this topic.

Mike Walker  
COMMISSIONER OF STATE TAXATION

1 July 2009