

Revenue Ruling

Payroll Tax Act 2009

PTA018

CONTRACTOR DEDUCTIONS

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The *Payroll Tax Act 2009* (the "Act"), which commenced on 1 July 2009, rewrote and repealed the *Pay-roll Tax Act 1971* and provides fully harmonised legislation with New South Wales, Victoria, Tasmania and Northern Territory.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 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 Taxation (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 and Curtain Fitters	25%
Blind and Curtain Sales Persons	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%
Plasterers	20%
Plumbers	25%
Resilient floor layers/vinyl layers	37%
Roof tillers	25%
Tree fellers	25%
Wall and ceiling plasterers	20%
Wall and Floor Tilers	25%

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

Further Information

Further information can be obtained from RevenueSA.

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History

This Revenue Ruling is effective from 1 July 2009.

This is the first Revenue Ruling issued on this topic.

COMMISSIONER OF STATE TAXATION

1 July 2009

Revenue Rulings do not have the force of law.