

# Revenue Ruling

*Payroll Tax Act 2009*

PTA013

## FEES PAID TO GOLF PROFESSIONALS BY GOLF CLUBS

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The *Payroll Tax Act 2009* (the "Act"), which commenced on 1 July 2009, rewrote and repealed the *Pay-roll Tax Act 1971* and provides fully harmonised legislation with New South Wales, Victoria, Tasmania and Northern Territory.

Even though a golf club may set a minimum number of working hours, a golf professional is unlikely to be a common law employee as the golf professional may be carrying on a business of providing professional golf services (whether in his/her own capacity, partnership or an incorporated entity). In addition, a golf professional is not usually entitled to the various types of paid leave that an employee is normally entitled to.

The income of a golf professional may include prize money, proceeds from the sale of goods in the pro shop, fees for golf lessons provided, and retainer and commission payments from a golf club.

The purpose of this Revenue Ruling is to clarify a golf club's payroll tax liability on payments made to a golf professional.

### Ruling

Although a golf professional is unlikely to be a common law employee of a golf club, the golf professional may be deemed as an employee of the golf club and any payments made to the golf professional may be deemed as wages under [Division 7, Part 3](#) of the Act (the Contractor Provisions). Deemed wages are subject to payroll tax under [Section 36](#) of the Act.

However, payments made by a golf club to a golf professional may be exempt from payroll tax if:

- ▶ the golf professional provides services to the golf club for no more than 90 days in a financial year ([Section 32\(2\)\(b\)\(iii\)](#) of the Act). For more information on what constitutes a day's work, refer to [Revenue Ruling PTA014](#);
- ▶ the golf professional engages another person to assist in providing the services to the golf club ([Section 32\(2\)\(c\)](#) of the Act). That person must be engaged in a substantially full-time capacity and provide services required of the golf professional under the contract between the golf professional and the club. Further, that person cannot merely be providing administrative services to the golf professional's business; and
- ▶ the Commissioner of State Taxation (the "Commissioner") is satisfied that the golf professional provides the same kind of services provided to the club, to the general public in that financial year ([Section 32\(2\)\(b\)\(iv\)](#) of the Act). The Commissioner would generally accept that the golf professional provides services to the general public if the golf professional earns more than 50% of his/her income as a golf professional from sources other than the golf club that engages him/her.

### Grouping of the business of the golf professional and the golf club

Even if the payments to a golf professional were exempt under the Contractor Provisions, these payments could still be subject to payroll tax if the business of the golf club is grouped with the business of the golf professional under [Part 5](#) of the Act (the Grouping Provisions). In calculating the payroll tax liability under the Grouping Provisions, all wages paid by the golf professional's business and those paid by the golf club are aggregated.

For the Grouping Provisions to apply, the business of the golf club and the golf professional would have to be substantially dependent or connected. Given the way that most golf professionals operate, if less than 50% of the golf professional's income for providing professional golf services is derived from the golf club, the Commissioner would generally exercise his discretion not to group the golf professional with the golf club.

Golf clubs should apply to the Commissioner for a determination if they are uncertain as to whether their payments to golf professionals are subject to payroll tax.

### Further Information

Further information can be obtained from RevenueSA.

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| <b>Location</b>  | RevenueSA<br>State Administration Centre<br>200 Victoria Square East<br>ADELAIDE SA 5000 |
| <b>Postal</b>    | Commissioner of State Taxation<br>RevenueSA<br>GPO Box 1353<br>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