

## Payroll Tax Act 2009

### Employment Agency Contracts - Chain of On-hire Declaration

Explanatory notes:

- 1) 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.
- 2) A 'chain of on-hire' occurs when an employment agent on-hires a worker to another employment agent who in turn on-hires the service provider to its client.
- 3) **Division 8, Part 3** of the *Payroll Tax Act 2009* (the "Act") imposes payroll tax on wages paid by employment agents to staff on-hired under employment agency contracts.
- 4) **Revenue Ruling PTA027** states that where there is a chain of on-hire, the employment agent (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.
- 5) This declaration is to be made by the employment agent (Agent 2) who is the closest to the ultimate client who is the end-user of the labour provided by the service provider. Please read **Revenue Ruling PTA027** carefully before completing this form.
- 6) This declaration must be kept by Agent 1 for 5 years. Agent 1 must ensure that this declaration can be readily produced upon request by RevenueSA.
- 7) Under the anti-avoidance provisions in **Section 42** of the Act, the Commissioner of State Taxation may impose a payroll tax liability on any party to the employment agency arrangement if this declaration is incorrectly made.

Legal Name of the worker

Legal Name of the employment agent that has contracted with the worker (**Agent 1**)

Legal name of the employment agent that has contracted with Agent 1 and will be further on-hiring the worker (**Agent 2**)

Legal name of the client that has contracted with Agent 2 and will be the ultimate end-user of the labour provided by the worker

**Agent 2** declares to Agent 1 that (*tick one of the following 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 the on-hiring

legal name of the worker

to our client

I,  Agent 2 or Authorised Employee of Agent 2

, being an authorised officer of Agent 2, certify that the

information provided in this form is true and correct

Signature

Date

D	D	M	M	Y	Y	Y	Y
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### Further Information

**Postal** Commissioner of State Taxation **Website** [www.revenuesa.sa.gov.au](http://www.revenuesa.sa.gov.au)  
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