

Revenue Ruling

Payroll Tax Act 2009

PTA015

WORKERS' COMPENSATION PAYMENTS

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The *Payroll Tax Act 2009* (the "Act"), which commenced on 1 July 2009, rewrote and repealed the *Pay-roll Tax Act 1971* and provides fully harmonised legislation with New South Wales, Victoria, Tasmania and Northern Territory.

The definition of taxable wages under the Act generally includes the amount shown as gross wages on an employee's payment summary. However, employers are sometimes uncertain whether payments of workers' compensation are taxable.

The purpose of this Revenue Ruling is to clarify how workers' compensation payments are treated for payroll tax purposes.

Ruling

Payments of compensation made in accordance with the *Workers Rehabilitation & Compensation Act 1986* (the "Compensation Act") are not subject to payroll tax. This is the case whether or not the payment to the worker is made by the employer or the insurer.

However, compensation paid to incapacitated workers, in excess of the amount prescribed by the Compensation Act (i.e. 'make-up pay') will be subject to payroll tax.

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.

Mike Walker
COMMISSIONER OF STATE TAXATION
1 July 2009