

Payroll Tax Ruling PTA014

What Constitutes a Day's Work?

Version	Issued	Dates of Effect	
1	1 July 2009	From: 1 July 2009	To: Current

PREAMBLE

The *Payroll Tax Act* (the Act), which commenced on 1 July 2009, rewrites the *Pay-roll Tax Act* to largely harmonise it with the legislation of other states.

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 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 Payroll Tax 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

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

For the purpose 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.

Please note that rulings do not have the force of law. Each decision made by the Territory Revenue Office is made on the merits of each individual case, having regard to any relevant ruling. Commissioner's Guideline CG-GEN-001, which sets out information on the revenue publication system, is incorporated into and is to be read as one with this Ruling. All Circulars, Guidelines and Rulings are available from www.revenue.nt.gov.au.



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