

Payroll Tax Ruling PTA034

Contributions to the Construction Industry Long Service Leave and Redundancy Funds

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.

In the Northern Territory, the portable long service leave scheme is administered by NT Build in accordance with the *Construction Industry Long Service Leave and Benefits Act*. The purpose of this scheme is to provide long service leave benefits to employees engaged in the building and construction scheme. The scheme is funded by a levy charged on building and construction work.

On the other hand, redundancy funds for employees in the building and construction industry are funded by employers making contributions into a fund.

The purpose of this Payroll Tax Ruling is to clarify whether payroll tax is payable on contributions made to these funds.

RULING

In the Territory, a levy paid under the *Construction Industry Long Service Leave and Benefits Act* is not liable to payroll tax.

However, under section 14 of the Act, the definition of wages includes fringe benefits as defined in the *Fringe Benefits Tax Assessment Act 1986* (Cth) (the FBT Act). A contribution to a long service leave fund or the approved redundancy funds is not subject to payroll tax as long as the payment does not constitute a fringe benefit under the FBT Act. To determine whether or not a contribution is a fringe benefit taxable under the FBT Act, please contact the Australian Taxation Office.

A payment of long service leave benefit or redundancy benefit from any of these funds is not taxable because the Commissioner of Territory Revenue (the Commissioner) does not regard such payments as wages for payroll tax purposes.

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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