



Office of State Revenue
NSW TREASURY

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Revenue Ruling No. PTA034

Contributions to the Construction Industry Long Service Leave and Redundancy Funds

Payroll Tax Act 2007

Ruling history

Ruling no.	Issued date	Dates of effect		Status
		From	To	
PTA034	22 September 2008	01 July 2007	Present	Current

Preamble

The *Payroll Tax Act 2007* (the Act), which commenced on 1 July 2007, rewrites the *Pay-roll Tax Act 1971* and harmonises the payroll tax legislation in Victoria and NSW.

In NSW, the portable long service leave scheme is administered by the Building and Construction Long Service Payments Corporation in accordance with the *Building and Construction Industry Long Service Payments Act 1986*. The purpose of the scheme is to provide long service leave benefits to employees employed in the building and construction industry. 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 the funds. An example of a redundancy fund in NSW is the Mechanical & Electrical Redundancy Trust which is administered by Australian Administration Services Pty Ltd.

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

Ruling

In NSW, a levy paid under the *Building and Construction Industry Long Service Payments Act 1986* 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.

Long service leave benefits or redundancy benefits paid from the above Funds are not taxable because the Chief Commissioner of State Revenue 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 Office of State Revenue is made on the merits of each individual case having regard to any relevant ruling.

Mick Mioduszewski

Chief Commissioner of State Revenue

22 September 2008