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Public Ruling
Payroll Tax Act—Harmonised:
CONTRACTOR DEDUCTIONS

A Public Ruling, when issued, is the published view of the Commissioner on the particular topic to which it relates. It therefore replaces and overrides any existing private rulings, memoranda, manuals and advice provided by the Commissioner in respect of the issue/s it addresses. Where a change in legislation or case law (the law) affects the content of a Public Ruling, the change in the law overrides the Public Ruling—that is, the Commissioner will determine the tax liability or eligibility for a concession, grant, subsidy or exemption, as the case may be, in accordance with the law.

What this Ruling is about

1. The *Pay-roll Tax (Harmonisation) Amendment Act 2008* amended the *Pay-roll Tax Act 1971* (the *Pay-roll Tax Act*) with effect from 1 July 2008 to harmonise certain aspects of Queensland's pay-roll tax system with the systems of other jurisdictions.
2. Parties to a 'relevant contract' are deemed to be employers and employees¹ and payments made under such a contract are deemed to be wages.² Deemed wages are subject to pay-roll tax under s.13F of the *Pay-roll Tax Act*.
3. While most contracts for the provision of services come within the meaning of 'relevant contract' under s.13B of the *Pay-roll Tax Act*, certain types of contracts are specifically excluded from the definition of 'relevant contract'. Where none of the exclusions apply, s.13E(5) of the *Pay-roll Tax Act* allows the Commissioner of State Revenue (the Commissioner) to decide the amount which can be deducted from the payments made under the contract.
4. The purpose of this Public Ruling is to set out those deductions for materials and equipment for certain types of contractors and to outline the manner in which new deductions may be granted.

¹ Sections 13C and 13D of the *Pay-roll Tax Act*

² Section 13E of the *Pay-roll Tax Act*

Ruling and explanation

5. For the purposes of s.13E(5) of the Pay-roll Tax Act, the Commissioner will allow the following percentage deductions for the non-labour components where the contractor provides equipment and/or materials:

Type of contractor	Deduction from gross payments to contractor
Architects	5%
Blind fitters	25%
Bricklayers	30%
Building supervisors (who provide their own vehicles and inspect more than six sites per week)	25%
Cabinet makers/kitchen fitters	30%
Carpenters	25%
Carpet layers	25%
Computer programmers	5%
Draftspersons	5%
Electricians	25%
Engineers	5%
Fencing contractors	25%
Painters (who provide their own paint)	30%
Painters (who do not provide their own paint)	15%
Plumbers	25%
Resilient floor layers/vinyl layers	37%
Roof tilers	25%
Tree fellers	25%
Wall and ceiling plasterers	20%
Wall and floor tilers	25%

6. If a profession/trade is not listed above, a designated person (as defined in s.13B(1) of the Pay-roll Tax Act) may apply in writing to the Commissioner for a decision as to the appropriate deduction. Such application should include details regarding the cost of materials and equipment provided by the contractor.

Date of effect

7. This Public Ruling takes effect from 1 July 2008.

David Smith
Commissioner of State Revenue
Date of Issue 24 February 2009

References

Public Ruling	Issued	Dates of effect	
		From	To
PTA018.1	24 February 2009	1 July 2008	2 July 2009

Superseded