

**ACT REVENUE OFFICE**

ACT Revenue Office

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| **REVENUE CIRCULAR PTA015** |
| Workers Compensation Payments - *Payroll Tax Act 2011* |
| Issue Date: 30 June 2011 |
| Status: Current – Effective 1 July 2011 |
| Previous Circular: PTX015 |

# Preamble

The *Payroll Tax Act 2011* (the Act), which commenced on 1 July 2011, rewrites the *Payroll Tax Act 1987* (the 1987 Act) and harmonises the payroll tax legislation in the Australian jurisdictions.

1. 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.

# Circular

2. The purpose of this circular is to clarify how workers’ compensation payments are treated for payroll tax purposes.

3. Payments of compensation made in accordance with the applicable workers' compensation schemes in the 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.

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

SIGNED

David Read

Commissioner for ACT Revenue

30 June 2011