



REVENUE CIRCULAR PTA018
Contractor Deductions – <i>Payroll Tax Act 2011</i>
Issue Date: 30 June 2011
Status: Current – Effective from 1 July 2011
Previous Circular: PTX018

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. Parties to a 'relevant contract' are deemed to be employers and employees (section 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.
2. While most contracts for the provision of services come within the meaning of 'relevant contract' under section 32 of the Act, certain types of contracts are specifically excluded from the definition of 'relevant contract'.
3. Where none of the exclusions apply, section 35(2) of the Act allows the Commissioner for ACT Revenue to determine an amount which can be deducted from the payments made under the contract.
4. The purpose of this circular 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.

Circular

Contractor Deductions

5. Deductions below are for the non-labour components where the contractor provides equipment and/or materials. The Commissioner for ACT Revenue has allowed the following percentage deductions:

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 principal may apply to the Commissioner for ACT Revenue for a determination
7. In applying for a determination, details of the cost of materials and equipment provided by the contractor must be provided.

SIGNED

David Read
Commissioner for ACT Revenue
30 June 2011