



<b>REVENUE CIRCULAR PTA034</b>
Contributions to the Construction Industry Long Service Leave and Redundancy Funds <i>Payroll Tax Act 2011</i>
Issue Date: 16 September 2013
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Previous Circular: -

## **Preamble**

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

- Employers in the building and construction industry are required to contribute to a:
  - portable long service leave scheme, which provides long service leave benefits to employees employed in the industry; and
  - redundancy fund, which provides redundancy benefits to workers employed in the industry.
- In the ACT, the portable long service leave scheme is administered by the ACT Long Service Leave Authority in accordance with the *Long Service Leave (Portable Schemes) Act 2009*. Redundancy funds for employees in the building and construction industry are funded by employers making contributions into the funds. Examples of redundancy funds in the ACT are the Mechanical & Electrical Redundancy Trust and the Australian Construction Industry Redundancy Trust.
- The purpose of this Circular is to clarify whether payroll tax is payable on contributions made to these funds.

## **Circular**

- In the Territory, a levy paid under the *Long Service Leave (Portable Schemes) Act 2009* is not liable for payroll tax.

However, under section 14 of the *Payroll Tax Act 2011*, the definition of wages includes fringe benefits as defined in the *Fringe Benefits Tax Assessment Act 1986* (Cwth) (the FBTA 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 FBTA Act. To determine whether or not a contribution is a fringe benefit taxable under the FBTA Act, please contact the Australian Taxation Office.

5. Long service leave benefits or redundancy benefits paid from the above funds are not taxable, because the Commissioner for ACT Revenue does not regard such payments as wages for payroll tax purposes.

SIGNED

Kim Salisbury  
Commissioner for ACT Revenue  
16 September 2013