



SUPERSEDED

REVENUE RULING

PT 5.1

PAY-ROLL TAX PAYMENTS TO CONTRACTORS IN THE SHIPBUILDING INDUSTRY

RULING HISTORY

Revenue Ruling	Issued	Dates of effect	
		From	To
PT 5.0	April 1998	April 1998	30 June 2002
PT 5.1	1 July 2004	1 July 2002	28 July 2015

INTRODUCTION

1. The definition of wages in the Glossary of the *Pay-roll Tax Assessment Act 2002* (PTAA) includes an amount paid or payable under a class of contracts prescribed under section 45(2)(g) to the extent to which the payment is attributable to labour.
2. Contracts relating to the shipbuilding industry have been prescribed in regulation 5 of the *Pay-roll Tax Assessment Regulations 2003*.
3. Regulation 5 extends the definition of wages to an amount paid or payable under a contract made between a ship or boat builder and another party for the procurement of the services of persons to provide solely or mainly labour for the design, construction, fit-out or maintenance of a ship or boat.
4. The purpose of this ruling is to inform ship or boat builders of the extent to which the payments under the contracts are attributable to labour and to provide a guide on the application of regulation 5.

RULING

5. The Commissioner of State Revenue, in consultation with the shipbuilding industry, has determined for the purposes of regulation 5, that 80% of the value of all payments and benefits under a prescribed contract are attributable to labour and are therefore wages for the purposes of the PTAA.

6. Regulation 5 applies to ship or boat builders who are registered, or required to be registered, for pay-roll tax.
7. Generally, a requirement to register for pay-roll tax arises where the wages paid or payable by a ship or boat builder exceed the pay-roll tax liability threshold. A requirement to register will also arise where the wages of a ship or boat builder are below the liability threshold but the ship or boat builder is a member of a “pay-roll tax group” in which the combined group wages exceed the liability threshold.
8. For the purposes of determining whether the threshold is exceeded, 80% of the value of all payments and benefits under prescribed contracts, including superannuation payments and the value of any fringe benefits, must be included in calculating monthly or annual wages.
9. Generally, the types of contracts covered by regulation 5 are those for labour where the services of an individual are hired to a ship or boat builder for the performance of solely or mainly labour and the payment is based on an hourly rate or other time basis.
10. The contract may be between a ship or boat builder and a sole trader, partnership, trust, company or other trading entity.
11. The standard *Western Australian Shipbuilders. Association Inc. Contractor Agreement* is an example of the type of contract covered by regulation 5.
12. The following are examples of where a contract is not considered a prescribed contract under regulation 5:
 - (a) a contract between a ship or boat builder and another person to produce a given result for a fixed fee;
 - (b) a contract which is a workplace agreement or industrial award;
 - (c) a contract where the labour is not provided for the design, construction, fit-out or maintenance of a ship or boat. For example, a contract to provide secretarial or accounting services;
 - (d) a contract between a ship or boat builder and another person, where that other person is registered and liable to pay the pay-roll tax on the payments for the labour services provided to the ship or boat builder under the contract. For example;
 - (i) labour services provided by one shipbuilder to another under a contract providing that one ship builder is meeting the pay-roll tax liability on the labour provided under the contract;
 - (ii) labour services of an individual provided to a ship or boat builder under a contract with an employment agency, the contract is not prescribed, provided the employment agency is meeting the pay-roll tax liability on the labour provided under the contract.

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13. Where there is doubt on whether a contract is a prescribed contract, the Office of State Revenue will provide advice for each case, on request from the ship or boat builder.

DATE OF EFFECT

This Revenue Ruling takes effect from 1 July 2002