

ENGINEERING CONSTRUCTION CONTRACTORS, PAYROLL TAX ASSESSMENTS

667. Hon Murray Criddle to the Minister for Racing and Gaming representing the Treasurer

Given that the Office of State Revenue states there has been no change in interpretation on the employee/contractor issue since the legislation was introduced in 1971 and we have been advised by the Treasurer that there is a process in place to deal with taxpayer objections.

Can the following information be provided for engineering construction contractors during 1997-1998 and each subsequent financial year -

- (1) How many payroll tax assessments issued for payments to contractors?
- (2) How many objections were lodged against assessments of payroll tax on payments to contractors?
- (3) How many of these were allowed in full on the basis that they were bona fide contractors?
- (4) What is the average time to have these objections decided?
- (5) How many appeals resulted from the disallowance of these objections?
- (6) How many of these appeals have reached the Supreme Court?
- (7) How many of these appeals are still outstanding?
- (8) Given that the Commissioner issued a public ruling, Payroll Tax Ruling PT6, in September 1998, can the Commissioner provide a list of names of businesses and organisations to who the ruling was sent at that time?
- (9) Does the Office of State Revenue have a policy in respect to retrospective payroll tax assessments where the business has had a previous payroll tax audit and found not to have a payroll tax liability?

Hon N.D. GRIFFITHS replied:

1. The OSR Revenue Collection Information System cannot determine individual pay-roll tax assessments issued solely for payments to contractors. However, the system can report on pay-roll tax assessments arising from audit activity which include a component relating to payments to contractors. Recording of industry specific groups commenced in September 1998 and the system utilises ANZIC codes which do not contain a specific category for engineering. There is, however, an industry code for construction and the following information is supplied utilising that code.

1998/1999 6
1999/2000 15
2000/2001 27
2001/2002 39
Total 87

2. The following information is supplied for objections under the industry code for construction.

1998/1999 3
1999/2000 1
2000/2001 3
2001/2002 8
Total 15

3. 1
4. 162 days – This period usually involves extensive consultation with the client or their adviser, as well as time taken to obtain legal advice on issues as required.
5. 1
6. 0
7. 1 - awaiting hearing date.
8. When it was first published in September 1998, a copy of PT6 was issued to all registered pay-roll tax clients (approximately 7,100) and a large number of relevant industry associations and bodies. It is now issued to all new pay-roll tax clients on registration.

The secrecy provisions prevent the disclosure of the individual clients.
9. If a business has previously been subject to an audit where no additional tax was assessed and the business is subsequently subject to a new tax audit, retrospective assessments will be issued unless it can be established that:

- the previous audit had covered the particular area resulting in a tax liability in the new audit e.g. contractor payments;
- the circumstances in relation to the particular area of liability reported in the earlier audit had not changed to the present day e.g. arrangements between the Contractor and Employer had remained the same; and
- the employer had not withheld information from the investigator conducting the previous audit.