

# Revenue Ruling 2008

## Public Ruling

Ruling Number	:	PTA006
Title	:	Payroll tax exemption for payments to owner-drivers
Tax Line	:	Payroll Tax
Legislative Reference	:	<i>Payroll Tax Act 2008</i>
Previous Ruling	:	PUB-PT-2008-7
Date of Ruling	:	1 July 2008
Attachments	:	-

### Preamble

The *Payroll Tax Act 2008* (the Act), which commenced on 1 July 2008, rewrites the *Pay-roll Tax Act 1971* and harmonises the payroll tax legislation with Victoria and NSW.

The contractor provisions are contained in Division 7 of Part 3 of the Act. Under these provisions, the respective persons under a relevant contract are taken to be employer and employee and payments made under such a contract are taken to be wages for payroll tax purposes.

Although most contracts for the provision for services initially come within the meaning of a relevant contract under section 32 of the Act, there are certain types of contract that are specifically exempted from the definition of a relevant contract. One of the exemptions provided under section 32(2)(d)(i) exempts a contract under which a person provides services ancillary to the conveyance of goods by means of a vehicle provided by the person conveying them (ie contract owner-drivers). The exception does not apply where the Commissioner of State Revenue determines that the contract was entered into with the intention to avoid payroll tax.

This revenue ruling sets out the conditions which need to be satisfied in order for payments made to owner-drivers to be exempt under section 32(2)(d)(i) of the Act.

### Ruling

Payments made for services performed by a contractor who provides his or her own vehicle, being a motorcycle, car or truck, will be exempt under section 32(2)(d)(i) of the Act if:

- the vehicle provided by the contractor is not owned or leased by the employer
- the employer makes no contribution, whether directly or indirectly, to the capital or running expenses of the vehicle; and
- the main purpose of the contractor's work is the conveyance (ie transportation and delivery) of goods. Any other services provided must be in every respect ancillary or secondary to that main purpose. That is, those services must be supplemental or subservient to the main purpose.

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## *Provision of vehicle*

To qualify for exemption, it is not necessary that the contractor own the vehicle used for the conveyance of goods. The vehicle may be made available through direct ownership, or through hiring, leasing or borrowing.

## *Main purpose of the contract*

The State Revenue Office (SRO) is aware that some contract owner-drivers may convey goods for the purpose of installing those goods at the point of destination or for use in connection with repair, maintenance or servicing work at the point of destination. In these types of circumstances, the main purpose of the contract is not the conveyance of goods as such, but rather their installation or use in connection with repair, maintenance or servicing work and accordingly, the exemption under section 32(2)(d)(i) will not apply.

## *Couriers*

The exemption will generally apply to couriers who use motorcycles, cars or trucks to convey goods. This is subject to all the conditions detailed in this ruling being fully satisfied.

In relation to pushbike couriers, the SRO considers in most instances such persons are employees of the courier business. Therefore, the exception cannot apply and all payments made to such persons are subject to payroll tax.

**Please note that rulings do not have the force of law. Each decision made by the State Revenue Office is made on the merits of each individual case having regard to any relevant ruling.**

Enquiries about this Revenue Ruling should be directed to the Research, Analysis and Legislative Review Section on telephone 03 6233 2694 or e-mail at [revenuereview@treasury.tas.gov.au](mailto:revenuereview@treasury.tas.gov.au). Copies of this ruling may be obtained from our website at [www.sro.tas.gov.au](http://www.sro.tas.gov.au) by selecting "Resources" and then "Rulings".

All rulings must be read subject to Revenue Ruling PUB-GEN-2008-29, "Explanation and status of Revenue Rulings".



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