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Public Ruling Payroll Tax Act:

REMISSION OF PENALTY TAX AND UNPAID TAX INTEREST—RELEVANT CONTRACTS

A Public Ruling, when issued, is the published view of the Commissioner on the particular topic to which it relates. It therefore replaces and overrides any existing private rulings, memoranda, manuals and advice provided by the Commissioner in respect of the issue/s it addresses. Where a change in legislation or case law (the law) affects the content of a Public Ruling, the change in the law overrides the Public Ruling—that is, the Commissioner will determine the tax liability or eligibility for a concession, grant, subsidy or exemption, as the case may be, in accordance with the law.

What this Ruling is about

1. The *Pay-roll Tax (Harmonisation) Amendment Act 2008* amended the *Payroll Tax Act 1971* (the Payroll Tax Act) with effect from 1 July 2008 to harmonise certain aspects of Queensland's payroll tax system with the systems of other jurisdictions.
2. In particular, the amendments included the adoption of provisions which impose payroll tax on payments made by employers to certain types of contractors (the relevant contractor provisions).¹
3. Where an employer has a payroll tax liability and fails to pay that liability by the due date, the *Taxation Administration Act 2001* (the Administration Act) imposes penalty tax and unpaid tax interest (UTI).²
4. Under the Administration Act, the Commissioner of State Revenue (the Commissioner) has discretion to remit penalty tax and UTI.³ The Commissioner's general practices in exercising his discretion to remit penalty tax and UTI are set out in Public Ruling TAA060.1—*Remission of unpaid tax interest* and Public Ruling TAA060.2—*Penalty tax* (the Public Rulings).
5. This Public Ruling sets out the circumstances in which the Commissioner will exercise his discretion in relation to penalty tax and UTI arising in connection with the relevant contractor provisions.

¹ Part 2 Divisions 1A—1D of the Payroll Tax Act

² Sections 54 and 58 of the Administration Act

³ Section 60 of the Administration Act

Ruling and explanation

6. Notwithstanding the Public Rulings, but subject to the requirements in paragraphs 7 and 8, the Commissioner will remit penalty tax and UTI in full in relation to payroll tax liabilities arising from amounts which are paid or payable by an employer in respect of the period 1 July 2008 to 31 December 2008, where such amounts are taken to be wages under the relevant contractor provisions (relevant wages).
7. The Commissioner will only consider a request for remission under paragraph 6 where:
- an employer has failed to include relevant wages in the appropriate payroll tax return and
 - the Commissioner is satisfied that the non-inclusion of the relevant wages in the relevant payroll tax return was due to transitional matters encountered by the employer in implementing changes necessary to comply with their obligations under the relevant contractor provisions.
8. A request for remission under paragraph 6 should be in writing and detail the full circumstances of the non-inclusion of the relevant wages in the payroll tax return.
9. The remissions referred to in paragraph 6 will not apply to the extent that penalty tax and UTI are imposed in respect of a payroll tax liability arising other than in connection with relevant wages (e.g. in relation to wages paid to employees). In such cases, the provisions of the Public Rulings will continue to apply.

Date of effect

10. This Public Ruling takes effect from 24 February 2009.

David Smith
 Commissioner of State Revenue
 Date of Issue 3 July 2009

References

Public Ruling	Issued	Dates of effect	
		From	To
PTAQ000.2.1	3 July 2009	24 February 2009	Current
Supersedes Practice Direction PY 9.1	1 October 2008	1 July 2008	23 February 2009