

OUR REF INV:PRT:T4:IB41
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DATE 16 October 2008



**Queensland
Government**

Office of
State Revenue

The State Secretary
Property Sales Association of Queensland
PO Box 863
SPRINGWOOD QLD 4127

Dear Sir/Madam,

“PAY-ROLL TAX ACT 1971”

Pay-roll tax penalty amnesty for certain payments to contractors

I am writing to inform your organisation of my decision to allow a penalty amnesty for employers who have incorrectly excluded certain payments to contractors from their taxable wages for pay-roll tax purposes before 1 July 2008. The enclosed information sheet sets out the details of the amnesty.

Pay-roll tax applies to wages paid or payable by an employer to an employee and to certain other amounts. Payments to a contractor can be liable to pay-roll tax if the contractor is an employee and the contractor payments are therefore wages.

In some cases, the common law employment tests can be difficult to apply to contract arrangements and an employer may incorrectly exclude contractor payments from taxable wages for pay-roll tax even though the contractor is an employee.

From 1 July 2008, Queensland has adopted ‘relevant contractor’ provisions which will support the common law employment tests by clarifying circumstances in which pay-roll tax will apply to contractor payments.

The penalty amnesty will assist employers to bring their pay-roll tax affairs up to date in relation to contractor payments and transition to the new arrangements. The amnesty will apply to disclosures made to the Office of State Revenue (OSR) from 13 October 2008 to 31 March 2009.

We are in the process of publicising the amnesty through mailouts to our registered pay-roll tax employers and relevant industry organisations and through media advertisements.

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33 Charlotte Street Brisbane Qld 4000
GPO Box 955 Brisbane Qld 4001
Website: www.osr.qld.gov.au
A Portfolio Office of Queensland Treasury
ABN: 90 856 020 239

My officers would be pleased to work with your organisation to assist in the dissemination of information relating to the amnesty and to answer any queries you have in relation to the operation of the amnesty. Giovanni Diaz from the Office will be contacting your organisation over the next few weeks to discuss how we might be of assistance.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D. Smith', written in a cursive style.

David Smith
Commissioner of Pay-roll Tax