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27 April 2015

Research Director  
Finance and Administration Committee  
Parliament House  
George Street, Brisbane QLD 4000

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Finance and  
Administration Committee

Via email: [fac@parliament.qld.gov.au](mailto:fac@parliament.qld.gov.au)

**Subject: Inquiry into the Payroll Tax Rebate, Revenue and Other Legislation Amendment Bill 2015**

**Supplementary Submission (Payroll Tax changes)**

Master Builders would like to provide an additional supplementary submission. I am writing in regard to the proposed *Payroll Tax Act 1971* amendments, including the extensions of the current incentives for employers to hire apprentices and trainees and the introduction of a 25 per cent payroll tax rebate on wages of apprentices and trainees.

The government's initiative to provide incentives for employers who engage apprentices and trainees in Queensland is strongly welcomed by Master Builders and will assist in the recruitment and completion of apprentices in the building and construction industry.

While Master Builder strongly supports the reforms as outlined, the industry believes that slight modifications to the existing reforms proposed would significantly improve the overall effectiveness of the reforms. The current provisions in Division 2, section 14(3) places an exclusion from the scheme for existing employees that have the potential to limit the effectiveness of the reforms. The building and construction industry has a long history of engaging apprentices after a trial period before offering a formal apprenticeship or traineeship. We recommend removing the restriction on existing employees.

The Bill also contains amendments to the definition and operation of the "contractor provisions" which may also have a detrimental impact on the building and construction industry. The proposed "contractor" amendment narrows the current exemptions, widens the tax base and provides additional powers to the Tax Commissioner. The rationale for these proposed amendments are not clear to Master Builders. Master Builders has been advised that the proposed changes are not in response to a compliance or enforcement issue. The proposed changes are reportedly in the interest of 'harmonisation with other States', however they are not a mirror of the other State provisions.

Proposed amendment marked-up in the *Payroll Tax Act 1971(Qld)*

*13B Meaning of relevant contract .....*

*(3A) Subsection (2)(a), (b), (c) or (d) does not apply to a contract under which any additional services or work of a kind not covered by the relevant subsection is supplied or performed*

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Master Builders Head Office

417 Wickham Terrace, Brisbane Queensland 4000

p (07) 3225 6444 | f (07) 3225 6545 | e [ask@masterbuilders.asn.au](mailto:ask@masterbuilders.asn.au)

[www.masterbuilders.asn.au](http://www.masterbuilders.asn.au)

*~~(4) Subsection (2)(c) and (d) do~~ (2) does not apply if the commissioner is satisfied the contract or arrangement under which the services are supplied was entered into with an intention either directly or indirectly of avoiding the payment of tax by any person.*

The provision in Victoria is: *Payroll Tax Act 2007 (Vic)*

*Division 7—Contractor provisions, section 32 What is a relevant contract?.....*

*(2A) Subsection (2)(a), (2)(b)(i), (2)(b)(iv) or (2)(d) does not apply to a contract under which services not referred to in that subsection are supplied in addition to services referred to in that subsection.  
S. 32(2A) inserted by No. 41/2013 s. 44(3).*

*.....  
(2D) Subsection (2) does not apply if the Commissioner determines that the contract under which the services are supplied was entered into with an intention either directly or indirectly of avoiding or evading the payment of tax by any person. S. 32(2D) inserted by No. 41/2013 s. 44(3).*

The provision in New South Wales is: *Payroll Tax Act 2007(NSW)*

*Division 7 Contractor provisions, section 32 What is a relevant contract?*

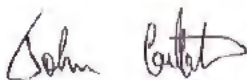
*(2A) Subsection (2) does not apply if the Chief Commissioner determines that the contract or arrangement under which the services are supplied was entered into with an intention either directly or indirectly of avoiding or evading the payment of tax by any person.*

*(2B) Subsection (2) (a), (b), (c) or (d) does not apply to a contract under which any additional services or work (of a kind not covered by the relevant paragraph) are supplied or performed under the contract.*

The harmonisation of Queensland's Payroll Tax provisions in 2006 came at a significant cost and pain to the building and construction industry in Queensland. We request the Committee to consider amending the proposed Bill to ensure the provisions are directly aligned/ harmonized/ mirrored with NSW or Victoria to ensure greater consistency between States and reduce any confusion on how the Contractor section is to operate.

Thank you for your consideration of these issues.

Yours sincerely



**John Crittall**

**Director Construction Policy**

**Phone 07 3225 6441**

**Email [john.crittall@masterbuilders.asn.au](mailto:john.crittall@masterbuilders.asn.au)**