



## **PAYROLL TAX      Workers' Compensation Payments**

1. The *Pay-roll Tax Assessment Amendment Act 2010* amended the *Pay-roll Tax Assessment Act 2002* (the Act) with effect from 1 July 2009 to harmonise the legislation of Western Australia's payroll tax system with the legislation of other jurisdictions.

### **Introduction**

2. The definition of taxable wages under the Act generally includes the amount shown as gross wages on an employee's payment summary. However, employers are sometimes uncertain whether payments of workers' compensation are taxable.
3. The purpose of this revenue ruling is to clarify how workers' compensation payments are treated for payroll tax purposes.

### **Ruling**

4. Payments of compensation made in accordance with the applicable workers' compensation schemes in Western Australia are not subject to payroll tax. This is the case whether or not the payment to the worker is made by the employer or the insurer.
5. However, compensation paid to incapacitated workers, in excess of the amount prescribed by the relevant workers' compensation legislation (i.e. make-up pay) is subject to payroll tax.
6. Please note that rulings do not have the force of law. Each decision made by the Commissioner of State Revenue is made on the merits of each individual case having regard to any relevant ruling.

### **Ruling history**

Revenue Ruling	Issued	Effective dates	
		From	To
PTA 015.1	24 June 2010	24 June 2010	Current