



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2014-2015

Brendan Smyth MLA (Chair), Mary Porter MLA (Deputy-Chair),
Giulia Jones MLA, Yvette Berry MLA



**ANSWER TO QUESTION TAKEN ON NOTICE
DURING PUBLIC HEARINGS**

Asked by MR SMYTH on 30 June 2014 : Treasurer took on notice the following question(s):

[Ref: Hansard Transcript 30.6.2014 [PAGE 1284]

In relation to: Payroll Tax Harmonisation Revenue Initiative

THE CHAIR: It is quite public and somebody has brought it to my attention. Another constituent has written in and asks whether you will make amendments preventing agencies passing on what is an employer tax to contractors or employees.

Mr Barr: Payroll tax liability falls on employers.

THE CHAIR: Yes, but the employers are passing it on to the employees and are rewriting contracts. Will you make an amendment to prevent agencies passing on the tax to the contractors?

Mr Barr: The legal liability for payroll tax falls with employers.

THE CHAIR: But if they are now going to pass that on to the employee, will you stop that? Will you seek to stop that?

Mr Barr: I am not sure that I would have the legal power to do that.

THE CHAIR: You have got the power to raise the tax.

Mr Barr: That is correct.

THE CHAIR: And many agencies are rewriting their contracts to allow them to increase the costs they charge to the contractor. They are calling it unforeseen charges or fees. Will you legislate to stop that?

Mr Barr: I do not believe I am in a position to do so, but I will take advice on that question.

Treasurer: The answer to the Member's question is as follows:—

It may be possible under legislation to prevent the tax being passed onto the contractors but this would be challenging to administer for all parties and would be inconsistent with the Commissioner for ACT Revenue's approach in other tax scenarios where statutory charges are passed on by the liable party.

Approved for circulation to the Select Committee on Estimates 2014-2015

Signature: *Andrew Barr*

Date: 7.7.14

By the Treasurer, Andrew Barr MLA