

**Presentation Details:**

**Slides:** 15

**Duration:** 00:06:53

**Presenter Details:**

**Name:** Office of State Revenue

**Title:** Employment Agency Contracts – Payroll Tax

## Slide 1

### Welcome and disclaimer

Duration: 00:00:27

Advance mode: Auto



#### Notes:

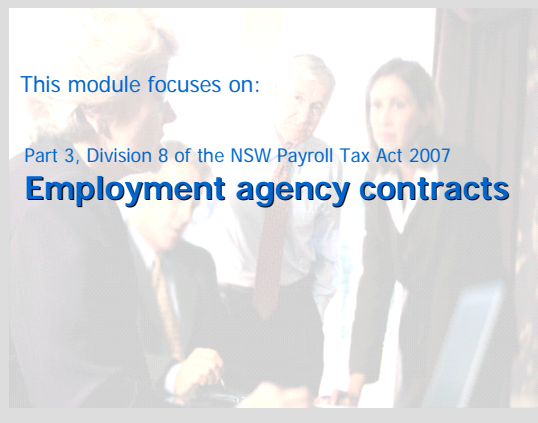
Welcome to this training module. The information in this module is general and should not be relied on solely to determine your payroll tax liability. If you are in any doubt about your payroll tax liability, seek independent professional advice.

## Slide 2

### Employment Agency Contracts

Duration: 00:00:13

Advance mode: Auto



#### Notes:

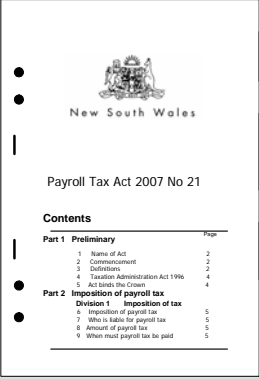
This module focuses on Part 3 Division 8 of the NSW Payroll Tax Act 2007 which deals with employment agency contracts and the implications for calculating payroll tax.

### Slide 3

## Payroll tax Introduction

Duration: 00:00:41

Advance mode: Auto



Provides a contract worker who receives payment

Natural person  
A partnership  
A corporation  
A trust

None of the contractor exemptions apply

Contractors

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### Notes:

Under this legislation, an employment agency contract is a contract under which a person provides a contract worker for a client and as a result, that person receives payment, either directly or indirectly. A contract worker includes a natural person, a partnership, a corporation or trust. However, such a contract is not one covered under the contractor provisions of the legislation. This means that none of the contractor exemptions apply. There is another module in this series called Contractors which gives detailed information on contractor exemptions.

### Slide 4

## What is an Employment Agent?

Duration: 00:00:24

Advance mode: Auto



### Notes:

Let's start by defining what an employment agent is under the legislation. Anytime you recruit a worker to work for a client and place them in that client's business, you are caught under this part of the legislation. The legislation applies equally to employment agents and labour hire firms. More on this distinction next.

**Slide 5**

**2 different kinds of services**

Duration: 00:00:11

Advance mode: Auto



**Notes:**

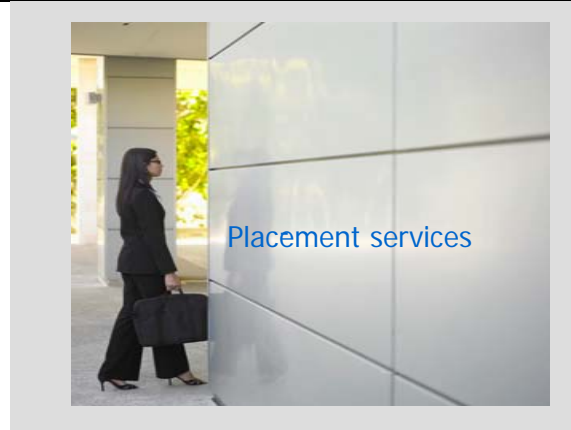
Employment agents generally offer 2 kinds of services to their clients. These services are broadly known as placement services and labour hire services.

**Slide 6**

**Placement Services**

Duration: 00:00:38

Advance mode: Auto



**Notes:**

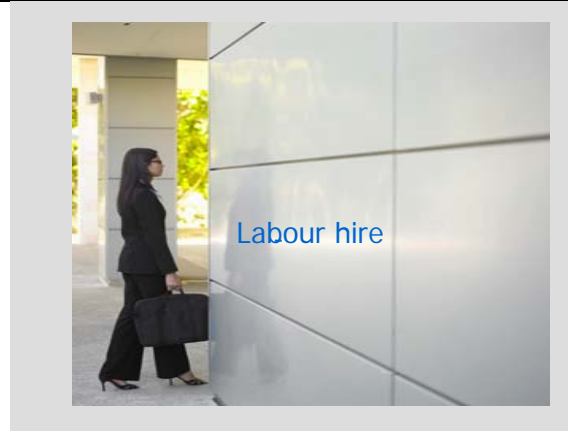
Placement services are delivered when an employment agency recruits workers and supplies these workers to their client as candidates for regular employment. If a candidate is placed in the client's business, the employment agency charges the client an agreed, one-off placement fee and that initial arrangement comes to an end. Because the client is now the employer, the client takes responsibility for payment of payroll tax. So, the one-off placement fee paid to the employment agent is not included in the employment agent's liability for payroll tax.

## Slide 7

### Labour hire services

Duration: 00:00:28

Advance mode: Auto



### Notes:

Labour hire services are delivered when an employment agency recruits workers and supplies these workers to their client as candidates for temporary positions. If a candidate is placed in a temporary role in the client's business, the employment agency charges the client an on-going fee which continues to be charged as long as the worker remains in place. This is usually for a set period of time.

## Slide 8

### Must be included for payroll tax

Duration: 00:00:35

Advance mode: Auto



### Notes:

The employment agency then becomes the employer because the employment agent is supplying its employees to work in the client's workplace. The employment agency pays the worker's wages as part of the employment agency's payroll. So, those wages including fringe benefits tax and superannuation contributions (in fact any monies or benefits) paid for the benefit of workers under a labour hire service must be included as part of the employment agent's liability for payroll tax.

## Slide 9

### Not included for payroll tax

Duration: 00:00:17

Advance mode: Auto



### Notes:

Under labour hire services, the employment agent charges the client a fee which recovers the worker's wages and which recompenses the employment agent for their work. That fee is not included in the employment agency's liability for payroll tax.

## Slide 10

### Multiple employment agents

Duration: 00:00:57

Advance mode: Auto



### Notes:

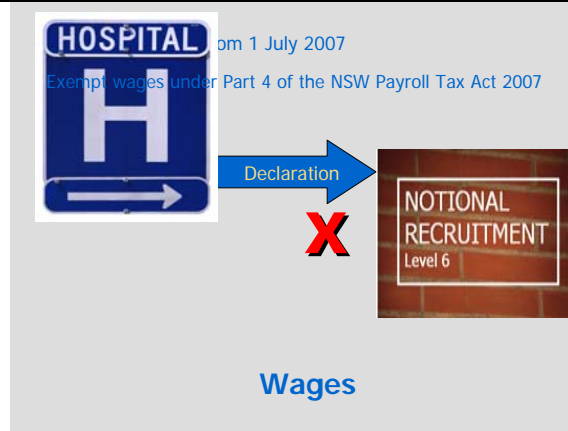
Where more than one employment agent is involved in placing a worker, the situation is slightly different. For example, The HR Manager of Fictitious Pty Ltd approaches the Notional Recruitment Agency to supply them urgently with a specialist payroll clerk. On checking the staff they have available, the Notional Agency finds it has no suitable workers. Notional approaches another employment agent, Imaginary Recruitment Pty Ltd, which has a suitably qualified person for the job. The worker is hired and begins work at Fictitious Pty Ltd. Regardless of which agent pays the worker, Notional Recruitment will need to include the worker's wages in their liability for payroll tax because we deem that the employment agency closest to the end user client is liable for payroll tax where more than one agency is involved.

## Slide 11

### Only 1 exemption available

Duration: 00:00:45

Advance mode: Auto



### Notes:

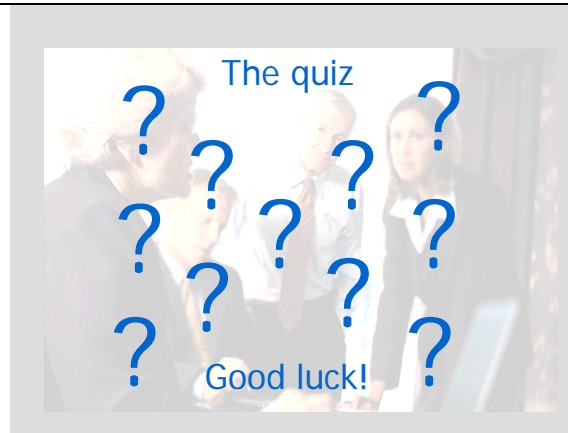
From 1 July 2007, the only exemption available to the employment agency is if the client is paying exempt wages under Part 4 of the NSW Payroll Tax Act 2007 (such as public hospital or charitable body). The client must provide the employment agency with the approved employment agency declaration. In this case, the wages paid to the worker by the employment agency are not included as part of the employment agency's liability for payroll tax. For more information on exemptions please have a look at that section contained in a training module in this series called Wages.

## Slide 12

### Introduction to the quiz

Duration: 00:00:11

Advance mode: Auto



### Notes:

What we'd like you to do now is to check your learning by completing a short quiz. Good luck!

## Slide 13 - Quiz

Please see separate .pdf file

**Slide 14** 🎧

**Thank you**

Duration: 00:00:09

Advance mode: Auto



**Notes:**

Well done and thank you for completing the quiz. Please feel free to do the module again if you need to refresh your knowledge.

**Slide 15** 🎧

**Course concludes**

Duration: 00:00:50

Advance mode: Auto



**Notes:**

Every employer's circumstances are different and we can only cover so much in training materials of this kind, so if you need more information or have a specific case you need assistance with, please select the link on the Main Menu to be taken to the 'Contact Us' page. Then use that contact information to write with the facts or give us a call. Thank you for your time. This module is now complete. Next, you'll be returned to the Main Menu where you make contact, quit the training course or select another module to complete. Goodbye for now.