



**INFORMATION EXCHANGE  
CORPORATION**

L17, 40 Mount Street,  
North Sydney NSW, 2060

E: [admin@ifx.com](mailto:admin@ifx.com)

T: 61 2 9956 7775

W: [www.ifx.com.au](http://www.ifx.com.au)

**ARCHIVE SEARCHING?**

Use your username and  
password to log onto  
[www.ifx.com.au](http://www.ifx.com.au) to search our  
archives and retrieve copies.

**NEED TO ASK AN ADVISER?**

Go to [www.ifx.com.au](http://www.ifx.com.au)  
to connect.

Please call customer support  
on 1300 360 905 if you have  
any difficulties.

**SUBSCRIBE TO THIS  
PUBLICATION**

[Click here](#)

Can we help?

Call 1300 360 905  
Email [admin@aifx.com.au](mailto:admin@aifx.com.au)

## IN THIS ISSUE

<b>SECTION 1 – PROFESSIONAL DEVELOPMENTS .....</b>	<b>1</b>
<b>EMPLOYEE OR CONTRACTOR?.....</b>	<b>1</b>
¶2.1 PAYG withholding .....	1
¶2.2 Leave entitlements .....	7
¶2.3 Superannuation obligations .....	8
¶2.4 Payroll tax.....	8
<b>SECTION 2 – PROFESSIONAL CURRENCY.....</b>	<b>8</b>
<b>BILLS AND LEGISLATION.....</b>	<b>8</b>
¶2.5 Refunds of GST etc to visiting forces.....	8
¶2.6 Correcting fuel tax errors .....	9
¶2.7 ATO website updates.....	9
¶2.8 GST Advices .....	10
<b>CASES AND DECISIONS .....</b>	<b>10</b>
¶2.9 Lost input tax credits due to lateness .....	10
¶2.10 Failure to take reasonable care .....	11
¶2.11 Lack of records.....	11
¶2.12 Tax agent’s registration cancelled .....	13
¶2.13 Decision Impact Statement on GST ‘gold case’ .....	13
¶2.14 Goodwill payment could not be offset against CGT liability .....	14
<b>RULINGS AND GUIDELINES .....</b>	<b>16</b>
¶2.15 Tax time tips.....	16
¶2.16 Vehicle data matching.....	16
¶2.17 Digital Games Tax Offset .....	17
¶2.18 ATO online services simulator .....	17
¶2.19 Second-hand depreciating assets in rental properties .....	18



## IN THIS ISSUE

¶2.20	Taxation of Australian resident working holiday makers.....	19
¶2.21	New residency rules framework: consultation paper .....	20
¶2.22	New Rulings.....	23
¶2.23	Tax consequences of land subdivisions and sales.....	23
¶2.24	GST on food.....	24
<b>STATE TAXES.....</b>		<b>24</b>
¶2.25	New South Wales.....	24
<b>SECTION 3 – QUESTIONS AND ANSWERS .....</b>		<b>25</b>
¶2.26	Small business technology boost.....	25
¶2.27	Employee acquiring shares at discount to market value.....	26
¶2.28	Meal, entertainment and FBT.....	26
¶2.29	Small business concessions .....	27
¶2.30	Main residence exemptions .....	27
¶2.31	GST – increasing adjustments – change in creditable purpose.....	28
¶2.32	Main residence change over provision.....	30
¶2.33	Division 7A loan.....	31

### INFORMATION EXCHANGE CORPORATION

L17, 40 Mount Street,  
North Sydney NSW, 2060

E: [admin@ifx.com](mailto:admin@ifx.com)

T: 61 2 9956 7775

W: [www.ifx.com.au](http://www.ifx.com.au)

### ARCHIVE SEARCHING?

Use your username and  
password to log onto  
[www.ifx.com.au](http://www.ifx.com.au) to search our  
archives and retrieve copies.

### NEED TO ASK AN ADVISER?

Go to [www.ifx.com.au](http://www.ifx.com.au)  
to connect.

Please call customer support  
on 1300 360 905 if you have  
any difficulties.

### SUBSCRIBE TO THIS PUBLICATION

[Click here](#)

Can we help?

Call 1300 360 905  
Email [admin@aifx.com.au](mailto:admin@aifx.com.au)

## SECTION 1 – PROFESSIONAL DEVELOPMENTS

### EMPLOYEE OR CONTRACTOR?

When hiring casual (and sometimes longer term) workers, the question often arises about how the hirer (for want of a better term) determines their responsibilities in relation to:

- PAYG withholding
- leave entitlements
- superannuation obligations
- payroll tax obligations.

The issue is made more complex by the fact that each of these obligations is outlined in different legislation, so just because one of these aspects is judicially settled, it doesn't mean they all are. This article attempts to unwrap the issues and analyse which of them are settled and which aren't.

#### ¶2.1 PAYG withholding

An employer's obligation in relation to PAYG withholding is outlined in Schedule 1 of the *Tax Administration Act 1953*. The relevant table is reproduced below as a handy reference:

Summary of withholding payments		
Item	Withholding payment	Section
1	A payment of salary etc. to an employee	12-35
2	A payment of remuneration to the director of a company	12-40
3	A payment of salary etc. to an office holder (e.g. a member of the Defence Force)	12-45
3A	A payment to a religious practitioner	12-47
4	A return to work payment to an individual	12-50
5	A payment that is covered by a voluntary agreement	12-55
6	A payment under a labour hire arrangement or a payment specified by regulations	12-60
7	A superannuation income stream or an annuity	12-80
8	A superannuation lump sum or a payment for termination of employment	12-85
9	An unused leave payment	12-90
10	A social security or similar payment (e.g. old age pension)	12-110
11	A Commonwealth education or training payment	12-115
12	A compensation, sickness or accident payment	12-120
13	A payment arising from an investment where the recipient does not quote its tax file number, or in some cases, its ABN	12-140
14	Investor becoming presently entitled to income of a unit trust	12-145
14A	A trustee of a closely held trust distributing an amount from the trust income to a beneficiary, where the beneficiary does not quote its tax file number	12-175