



PAYROLL TAX Employment Agency Arrangements – Chain of On-hire

Introduction

1. This revenue ruling explains the payroll tax implications of an employment agency arrangement involving multiple employment agents (chain of on-hire).
2. This revenue ruling applies to circumstances in which an employer-employee relationship between the employment agent and the worker does not exist at the time that the worker is carrying out services for the client.

Background

3. Section 9AA(1) of the *Pay-roll Tax Assessment Act 2002* (the Act) defines *wages* to include wages, remuneration, salary, commission, bonuses or allowances paid or payable to or in relation to an employee.
4. Section 9GA of the Act provides for wages to include amounts paid by employment agents. Under this section,

“An amount in respect of services that is paid or payable by an employment agent (directly or indirectly) to a person who was engaged to perform the services for a client of the employment agent, or to some other person, as a result of which engagement the employment agent receives payment (directly or indirectly, whether by way of a lump sum or an ongoing fee) in relation to the period during which the services are performed for the client by the person engaged to perform them is taken to be wages paid or payable by the agent (as an employer) to the person for or in relation to the services performed by the person”.
5. The Glossary to the Act defines an *employment agent* as a person (the agent) who procures the services of another person (the worker) for a third person (the client) under an arrangement where:
 - (a) the worker does not become the employee of either the agent or the client, but does perform duties of a similar nature to those of an employee; and
 - (b) remuneration is paid directly or indirectly by the agent to the worker or to some other person for the services performed by the worker.
6. Where, in an employment agency arrangement, any payments made by the employment agent to or in relation to the worker, directly or indirectly, are wages for the purposes of the Act.
7. Section 54(1) of the *Taxation Administration Act 2003* provides for the Commissioner to refund an amount to a taxpayer if the Commissioner is satisfied on an application for a refund that an overpayment of tax has been made.

Employment Agency Contracts – Chain of On-hire Declaration

Part A – Do you need to complete this form?

What is the purpose of this form?	This declaration is to be used to notify RevenueWA of the liable party in relation to a chain of on-hire arrangement.
Who can complete this form?	This declaration is to be made by the employment agent (Agent 2) who is the closest to the ultimate client who is the end-user of the labour provided by the service provider, and submitted directly to the agent who procures the services of the worker(s) (Agent 1). Agent 1 s3 62.04 576.96 Tm[(c)-8.1 (o)-12.6 (m)-6ei1 (t (t T)0.001 Tc -0.03(t)-BDC TTO 1

Part C - Declaration

I, [name]

being an authorised officer of Agent 2, declare that all the information declared in this statement is true and correct.

Signature

Date (DDMMYYYY)

--	--	--	--	--	--	--	--	--	--

Position (if applicable)

Organisation (if applicable)

Phone Number

--	--	--	--	--	--	--	--	--	--

Part D - Lodgment

Once completed, this form must be lodged with Agent 1. This form should be retained by Agent 1 for 5 years and must be able to be provided to RevenueWA upon request. It is recommended that Agent 2 retains a copy of the completed form for their own records.