

**INQUIRY INTO APPLICATION OF THE CONTRACTOR  
AND EMPLOYMENT AGENT PROVISIONS IN THE  
PAYROLL TAX ACT 2007**

**Organisation:** Bus Industry Confederation  
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The Hon. Jeremy Buckingham MLC  
Member of the Legislative Council  
Member of the Legalise Cannabis Party  
Parliament House  
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Dear Minister Buckingham

I am writing to express our deep concern from a national perspective regarding the recent changes to the interpretation of employment agent provisions in the Payroll Tax Act 2007. The revised approach, adopted by Revenue NSW, extends the definition of "employees" in a way that significantly impacts businesses across the nation that rely on contract labour. This change, with its broadened scope, introduces considerable financial uncertainty and raises serious questions about the future of contractor relationships in various sectors.

While these changes are implemented under the authority of NSW law, their implications stretch far beyond the state's borders, potentially influencing how businesses across Australia engage with contractors. Given the national ripple effect, it is critical that the broader implications of these revisions be considered by both state and federal policymakers.

As the peak industry body for the bus and coach industry this change may affect many of our members, who are already struggling with external factors adversely impacting the industry today include hyperinflation, cost escalations of material, wages, sea freight, and supply chain uncertainty.

The expanded definition of "employee" in the Payroll Tax Act could disrupt longstanding contractor relationships, as many businesses in this sector rely on flexible, contractual workers for various roles. The need to reclassify contractors as employees for tax purposes could lead to increased costs and administrative complexity for operators.

The retrospective application of these new rules, spanning up to eight years, could create significant financial strain on bus and coach businesses that have been following the tax system in good faith. These unexpected liabilities may destabilise operations, particularly for smaller businesses, and hinder their recovery in the aftermath of the pandemic. The timing of these changes could also slow down the recovery of the transport sector, which is essential to Australia's economic recovery, as companies adjust to new tax burdens.

### **Urgent Request for National Action**

Given the far-reaching impacts of these changes, BIC urges Revenue NSW, as well as the broader Australian government, to consider the following steps to mitigate the national consequences of these revisions:

To minimise the impact on businesses, the retrospective application of the new payroll tax rules should be limited, applying only prospectively. This would prevent businesses from facing unexpected, backdated tax liabilities, allowing them to adjust to the changes without being penalised for actions that complied with prior rules.



Clear, consistent national guidelines are essential to help businesses understand which worker arrangements are subject to payroll tax. Federal and state governments should collaborate on creating these guidelines to ensure uniformity across all industries, reducing confusion and providing certainty.

Additionally, conducting national consultations with sectors reliant on contract workers is crucial to assess the broader economic impact of these changes. Engaging with industries will ensure policies are informed and relevant.

### **Conclusion**

The changes in the Payroll Tax Act, if not carefully reconsidered, pose significant risks to businesses, industries, and the national economy as a whole. A rapid and thorough national review of these changes is needed to safeguard the long-term stability of Australia's workforce and economy.

We strongly encourage the Australian government to engage with business communities across all sectors to ensure fair and balanced payroll tax policies that do not undermine the recovery or competitiveness of our industries.

Thank you for your attention to this urgent issue.

Yours sincerely

Anthony Hopkins  
BIC Chair