


IT 326 - Metal trades industry - assessability of payments for accumulated "rostered day-off time" made on termination of employment - whether payments subject to tax instalment deductions

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TAXATION RULING NO. IT 326

METAL TRADES INDUSTRY - ASSESSABILITY OF PAYMENTS FOR
ACCUMULATED "ROSTERED DAY-OFF TIME" MADE ON TERMINATION
OF EMPLOYMENT - WHETHER PAYMENTS SUBJECT TO TAX
INSTALMENT DEDUCTIONS

F.O.I. EMBARGO: May be released

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METAL TRADES INDUSTRY

26(d)

LUMP SUM PAYMENTS

221A

TERMINATION OF

EMPLOYMENT

RETIRING ALLOWANCE

"ROSTERED DAY-OFF

TIME" PAYMENTS

TAX INSTALMENT

DEDUCTIONS

PREAMBLE

Recently, representations were made concerning the treatment for taxation purposes of payments for accumulated 'rostered day-off time' made to employees of the Metal Trades Industry on termination of employment.

RULING

2. On examination of the variations to the Metal Industry Award 1971 and the Metal Trades Award 1952, it is considered that payments under these awards in lieu of accumulated "rostered day-off time", made in consequence of retirement from, or termination of, employment, would fall for assessment under section 26(d) of the Income Tax Assessment Act. Hence, only 5% of the amount received would be included in the assessable income of the employee.

3. In this situation, the payments would not be subject to tax instalments and the full amount of the payment should be shown against component B in column 4 of the group certificate. Similar treatment would be accorded to payments in lieu of "rostered day-off time" made in consequence of retirement from, or termination of, employment under other Awards where their provisions closely equate with those of the Metal Industry Award 1971 and the Metal Trades Award 1952 referred to above.

4. However, in other cases it would be necessary to examine the relevant award or the terms of the agreement between the employer and employee before a firm decision could be given.

COMMISSIONER OF TAXATION