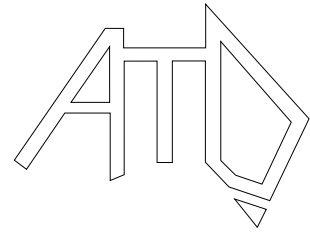


PPS Bulletin 9 - How it affects the surveying industry

PPS Bulletin

Australian
Taxation
Office



Withholding and Indirect Taxes

Number 9

How it affects the surveying industry

Valid from 9 January 1997

If you are carrying on a business in an industry covered by the Prescribed Payments System and you pay another person for work in that same industry, then you may be obliged to deduct tax from any payments you make to that person.

This bulletin explains what Prescribed Payments are and how they affect the surveying industry. The other 8 industries covered by PPS are:

- building and construction
- cleaning
- joinery and cabinet making
- road transport
- architectural services
- engineering services
- motor vehicle repair
- professional building and construction services

Similar bulletins are also available for each of these other industries.

What is a prescribed payment?

A prescribed payment must satisfy **all** of the following conditions:

- It must be a payment made under a contract which involves the performance of work.
- The work performed must consist of an activity within an industry covered by PPS. (See the section titled *Which surveying services industry activities are included in PPS?*)
- The activity must be carried out for a prescribed person. (See the section titled *Who must the work be carried out for?*)

Note also that PPS doesn't only apply to payments to individuals. It can also apply to payments to companies, partnerships, trusts, trustees of trust estates, body corporates, etc.

Once you have determined that a payment is prescribed, please refer to the relevant booklet titled "PPS Payers", "PPS Payees", or "PPS Tax exempt organisations & businesses in non-prescribed industries". These publications explain what you must do when making or receiving a prescribed payment and are available from your local Tax Office.

Which payments are not covered by PPS ?

The following payments are **not** covered by PPS:

- a payment made under contract **only** for the sale of goods or materials
- a payment of salary or wages made to a common law employee.

Which surveying industry activities are included in PPS?

Activities included in the surveying industry that are covered by PPS include the preparation of plans and specifications for land surveying and quantity surveying **in connection with** any of the activities described for in the building and construction industry such as the construction, erection, installation, alteration, modification, repair and improvement of any structure, road or thoroughfare.

For more information about the building and construction industry see the PPS Bulletin Number 2 titled "The Prescribed Payments System (PPS) - How it affects the building and construction industry".

For whom must the work be carried out?

To be a prescribed payment the work must be carried out for any person who is carrying on a business that consists:

- in whole or in part of carrying out any of the surveying services mentioned above for other persons; or
- in whole or in part of furnishing or arranging the services of another person to carry out any of the above surveying services activities; (i.e. people who are not directly involved in performing any of the activities described above but carry on a business [agency] that provides the services of others to perform these activities). In these cases the prescribed payments are those made by the agency to sub-contractors which the agency has separately contracted to perform these activities.

A person who satisfies **either** of these conditions will be a prescribed person for the surveying services industry.

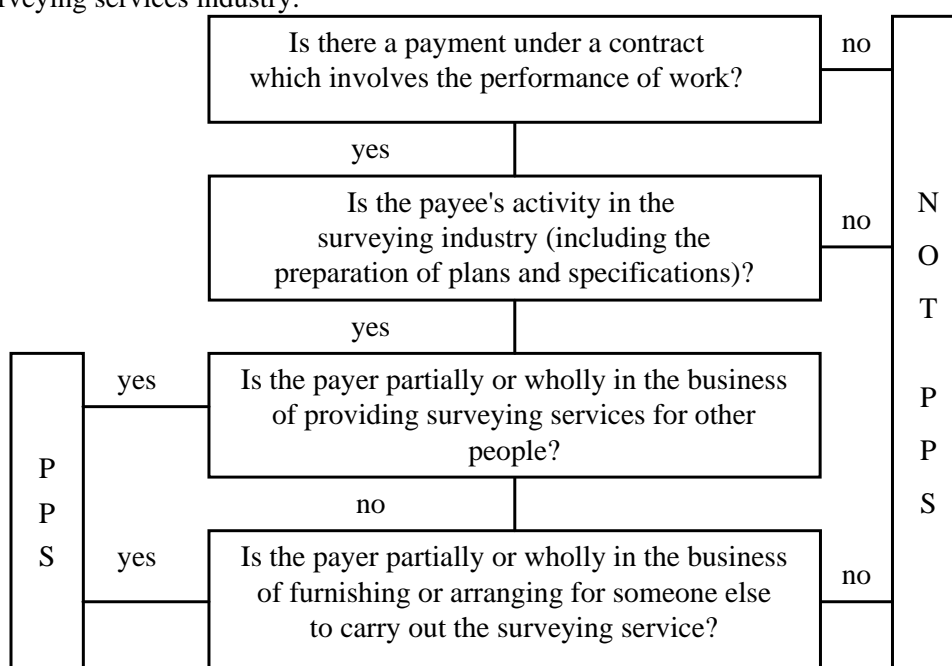
Other information applicable to the surveying industry

Draftspersons can sub-contract in any four industry categories, ie. architectural, engineering, surveying or professional building and construction services. They draw plans and specifications from information or designs supplied to them by persons in those industries.

For the purposes of PPS, if a draftsperson is subcontracting to a surveyor in relation to a building and construction project, the activity will be prescribed.

Surveying industry decision chart

The diagram set out below is designed to help you determine if a payment is a prescribed payment in the surveying services industry.



Examples

- A developer contracts with a surveyor to do some quantity surveying for him to determine what materials will be required, and how much a project will cost. The surveyor sub-contracts a quantity surveyor to assist him. The payment from one surveyor to the other will be prescribed, as they are both in the business of providing surveying services for other people.
- A company undertaking the construction of new business premises contracts with a project manager to supervise the project, and to carry out the necessary surveying work. The project manager sub-contracts a surveyor to carry out the surveying work. The payment from the project manager to the surveyor will be prescribed, as the project manager is partly in the business of arranging surveying services for other people.

Do you need more information?

If you have any questions or need more information about how PPS applies to you, please contact your local Tax Office:

by phone on our national enquiries number **13 28 66** from anywhere in Australia for the cost of a local call; or

in person by visiting the enquiries counter at your local Tax Office. Addresses are listed in TaxPack and in the White Pages telephone directory.

This bulletin is a guide to the law only. It has been produced to help you understand the Prescribed Payments System. It is current as at 09/01/97. ¹

¹ Produced by the Withholding and Indirect Taxes Program of the Australian Taxation Office