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## SUB-CONTRACTING CONSIDERATIONS WHEN DIRECTLY EMPLOYING SUB-CONTRACTORS

### POLICY DOCUMENT

#### DAVID CHRISTIE AND ASSOCIATES

##### External Release

#### Overview

This document has been prepared to advise clients of the new tax arrangements, in particular, consideration of direct-employed sub-contractors

#### 1. Invoices

All invoices issued by sub-contractors, should include the following:

- a) Sub-contractors of less than \$1000
  - The Australian Business Number of the sub-contractor
  - The GST-inclusive price of the taxable supply
  - The words ‘Tax Invoice’ stated prominently
  - The date of issue of the tax invoice
  - The name of the sub-contractor
  - A brief description of each thing supplied, and
  - When GST payable is exactly 1/11th of the total price, either a statement along the lines of ‘the total price includes GST’, or the GST amount.
  
- b) Sub-contractors of \$1000 or more
  - The Australian Business Number of the sub-contractor
  - The GST-inclusive price of the taxable supply
  - The words ‘Tax Invoice’ stated prominently
  - The date of issue of the tax invoice
  - The name of the sub-contractor
  - The name of the recipient
  - The address of the Australian Business Number of the recipient
  - A brief description of each thing supplied
  - The extent of services supplied, and
  - When GST payable is exactly 1/11th of the total price, either a statement along the lines of ‘the total price includes GST’, or the GST amount

#### 2. Withholding Tax

In accordance with the Income Tax legislation, if your business receives an invoice from a sub-contractor and the invoice *does not quote their ABN, then you are required to withhold from your payment 48.5% (being the top marginal rate of tax plus the Medicare levy)*. This information can be found in more detail from the web page [www.taxreform.ato.gov.au/busihome/index.htm](http://www.taxreform.ato.gov.au/busihome/index.htm). Then scroll down and click on the book ‘Pay As You Go (PAYG)’. Download and go to page 35.

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