

Workers' Compensation - Definition of "worker" >

This information bulletin deals with changes to the 'worker' definition in the *Work Health Act* for workers' compensation, which came into effect from 1 July 2000.

BACKGROUND

Prior to 1 July 2000 the *Work Health Act*, for the purposes of workers' compensation coverage, defined a worker as a person who had Pay As You Earn (PAYE) taxation deducted from their earnings by their employer.

This provided the Territory with a very practical worker definition.

With the introduction of a new Federal taxation system on 1 July 2000 the new Pay As You Go (PAYG) taxation arrangements replaced eleven existing systems, including the PAYE tax system. This change made the pre 1 July worker definition defunct.

The NEW definition

Legislation has been passed to change the definition of worker from 1 July 2000.

- The new definition utilises the Australian Business Number (ABN) to provide a definition that is designed to ensure coverage that is as close as practicable to that of the existing definition, yet remains clear and concise.
- The new definition for workers' compensation purposes provides that a worker is a person who provides work or service for another person and does not provide that other person with their ABN in writing.
- The new definition is no longer dependent on the type of taxation paid.

Transitional Arrangements

For a brief period there will be some special arrangements put in place to deal with persons who were not PAYE workers prior to 1 July 2000. The special arrangements are as follows:

- Persons, who were contracted to perform work or provide services prior to 1 July 2000 and were not PAYE workers at that time but their contract continued after 1 July, will have until 1 August 2000 to provide their ABN for that contract.
- Persons, who have applied for an ABN, but have not received it in time for the commencement of the new provisions (1 July 2000), may notify, in writing, the person to whom they are providing work or service, that they have applied for an ABN. This will be taken as having provided that person with their ABN, but will only apply until 1 September 2000.

Implications for businesses

If the person you have contracted to provide work or services has not provided you with their ABN or has not complied with the above transitional arrangements, then YOU may be legally responsible in the event of any worker's compensation claim.

It is therefore imperative that you accurately record the date on which you receive the person's ABN as the date is relevant to the period of your legal liability in respect of workers' compensation.

Further information can be obtained from the Rehabilitation and Compensation Division of NT WorkSafe.

NT WorkSafe >

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