



Construction Benefit Services

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# Voluntary long service leave scheme for Working Directors

## Voluntary Scheme

A voluntary scheme introduced from 1 January 2001, allows employers of working directors to pay a contribution to CBS every 2 months towards their long service leave. Monthly lodgement is also available via our website.

The scheme enables working directors to preserve prior accrued service and continue to work towards their long service leave entitlement.

## Contributions

The contribution rate (effective from 1/7/11) is \$190 per 2 months (or \$95 per month if lodging via the Internet). This takes into account the amount required to support future normal long service leave entitlements. It is reviewed annually to ensure its real value is maintained.

The contribution is a set amount and you cannot pay more or less than this amount.

## Interest

Before the commencement of each financial year, the Board is required to set an interest rate in respect of the financial year. Contributions will earn an annual rate of interest of 5% in 2011/2012.

## Taxation

CBS has been advised that voluntary contributions made by the employer of a working director are tax deductible, however employers are strongly advised to make their own enquiries with their tax agent/accountant prior to claiming the contributions as a tax deduction.

## Service Days

Each contribution credits the working director with the maximum days service for that 2 month period.

Any service accrued previously as a worker will be preserved in the voluntary working director scheme provided contributions to the scheme commence:

- Within 2 years from the date you cease registration with the scheme as a worker, if you have less than 5 years service (1300 days),
- Or within 3 years if you have over 5 years service.

Retrospective contributions will only be accepted up to 6 months in arrears. Contributions can be paid in advance but only until the end of the financial year.

## Payments

After a working director has accrued 2600 days (10 years), they can take 13 weeks long service leave. Payment from the scheme is calculated as contributions paid by the working director's employer plus accrued interest.

Payment for prior worker service registered with the scheme is calculated using the average ordinary weekly pay rate of other workers performing the same kind of work who received a long service leave payment during the preceding financial year.

Both contribution and interest components of payments made to working directors are taxable income and must be taxed by CBS when making the payment.