



### Construction Benefit Services

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# Voluntary long service leave scheme for Self-Employed Contractors

## Registration

Self-employed contractors can voluntarily register with Construction Benefit Services and make provision for their own long service leave.

Registration forms can be downloaded from our website under the Publications link. They must be accompanied with documentary evidence that support work as a self-employed contractor in the construction industry. (ie copies of income tax returns, invoices for work done, trade accounts, builders license or other documentation to support the application)

## Contributions

The contribution rate (effective from 1/7/11) is \$190 per 2 months. This takes into account the amount required to support future normal long service leave entitlements. The rate 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.

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

As contributions are voluntary, you may choose not to make payment for any period. Naturally no service credits will accrue for these periods. CBS will discontinue issuing invoices if you cease to contribute to the scheme for 3 consecutive periods.

## Interest Rate

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.

## Service Days

Each contribution paid credits the self-employed contractor with the maximum days service for that 2 month period.

Service accrued previously as a worker may be preserved in the self-employed contractor 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.

## Payments

After a self-employed contractor 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 self-employed contractor 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.

## Taxation

The contribution component of the payment you receive is not taxable. The interest component is taxable income and must be declared in your taxation return in the year you receive the payment.