
Draft Taxation Determination

Income tax: Simplified Tax System: can an entity notify the Commissioner of its choice to become, or stop being, an STS taxpayer for an income year, after it has lodged that year's income tax return?

Preamble

*This document is a draft for industry and professional comment. As such, it represents the preliminary, though considered views of the Australian Taxation Office. This draft may not be relied on by taxpayers and practitioners as it is not a ruling for the purposes of Part IVAAA of the **Taxation Administration Act 1953**. It is only final Taxation Determinations that represent authoritative statements by the Australian Taxation Office.*

1. Yes. An entity that wishes to notify the Commissioner of its choice to become, or stop being, an STS taxpayer for an income year, can do so in the approved form, under sections 328-435 and 328-440 of the *Income Tax Assessment Act 1997* respectively, in conjunction with an application for an amendment to that year's income tax assessment. This is provided the application for amendment is lodged within the four year period allowed for the amendment of assessments under subsection 170(6) of the *Income Tax Assessment Act 1936* (ITAA 1936).
2. For the above situation, an entity notifies the Commissioner of its choice to become or stop being an STS taxpayer for an income year in the approved form if the information that would have been provided, had the choice been made in the income tax return, is lodged with the amendment application.
3. Subsection 170(6) of the ITAA 1936 provides that the Commissioner *may* amend a relevant assessment if the conditions in the subsection are satisfied. In order to enable the Commissioner to appropriately determine the amendment application, the entity should provide an explanation of why the notification of the choice was not made in the approved form at the time the entity's income tax return for the income year in question was lodged, and any other information considered relevant (see paragraph 170(6)(c)).
4. An entity may also notify the Commissioner of the choice to become or stop being an STS taxpayer in conjunction with lodging a notice of objection against its income tax assessment for a relevant income year.

TD 2003/D20

Date of Effect

5. When the final Determination is issued, it is proposed to apply both before and after its date of issue. However, the Determination will not apply to taxpayers to the extent that it conflicts with the terms of settlement of a dispute agreed to before the date of issue of the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).

Your comments

6. We invite you to comment on this draft Taxation Determination. Please forward your comments to the contact officer by the due date.

Comments by Date: 1 October 2003

Contact Officer: Cindy Yap

E-mail address: Cindy.Yap@ato.gov.au

Telephone: (08) 8208 1889

Facsimile: (08) 8208 1800

Address: GPO Box 800

ADELAIDE SA 5001

Commissioner of Taxation

3 September 2003

Previous draft:

Not previously issued in draft form.

Related Rulings/Determinations:

TR 92/20

Subject references:

- amendment of assessments
- entering the STS
- leaving the STS
- objection rights
- simplified tax system
- STS taxpayers

Legislative references:

- ITAA 1936 170(6)
- ITAA 1936 170(6)(c)
- ITAA 1997 328-435
- ITAA 1997 328-440
- TAA 1953 Part IVA

ATO references

NO: 2002/20314

ISSN: 1038-8982