


TD 92/D220 - Income tax: if: an assessment has been raised on the basis that a taxpayer has not adopted arm's length principles in setting prices in international transactions; and the assessment results in an increase in tax payable; and the taxpayer objects and refers his objection to the Administrative Appeals Tribunal or Federal Court; and cannot demonstrate that payment of the full amount would cause financial hardship; what are the guidelines for granting an extension of time for payment?

 This cover sheet is provided for information only. It does not form part of *TD 92/D220 - Income tax: if: an assessment has been raised on the basis that a taxpayer has not adopted arm's length principles in setting prices in international transactions; and the assessment results in an increase in tax payable; and the taxpayer objects and refers his objection to the Administrative Appeals Tribunal or Federal Court; and cannot demonstrate that payment of the full amount would cause financial hardship; what are the guidelines for granting an extension of time for payment?*

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Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

Draft Taxation Determination

Income tax: if:

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***the assessment results in an increase in tax payable; and**

***the taxpayer objects and refers his objection to the Administrative Appeals Tribunal or Federal Court; and**

***cannot demonstrate that payment of the full amount would cause financial hardship;**

what are the guidelines for granting an extension of time for payment?

1. In providing these guidelines, there is no intention of laying down any conditions to restrict officers in exercising the discretion under section 206 of the *Income Tax Assessment Act 1936* to grant an extension of time for payment. Each case must be decided on its merits.

2. An extension of time will generally be granted if:

(a) there is a genuine dispute and/or the objection raises arguable questions of fact and/or law; and

(b) payment is made of 50% of the amount in dispute together with the full amount not in dispute; and

(c) the taxpayer agrees to take all reasonable steps to prosecute the appeal.

3. These guidelines apply even when Mutual Agreement Procedures (contained in Australia's International Agreements) apply.

Commissioner of Taxation

26/11/92

FOI INDEX DETAIL: Reference No.

Related Determinations:

Related Rulings: IT 2569

Subject Ref: extension of time to pay; arm's length principle; international transactions; Mutual Agreement Procedures; transfer pricing dispute

Legislative Ref: ITAA 206

Case Ref:

ATO Ref: UMG Aud/ Lg Corp
