


***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.

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## Draft Taxation Determination

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**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?**

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

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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

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