



***TD 2000/54 - Income tax: Can a taxpayer calculate their Pay As You Go (PAYG) instalment amount for an instalment quarter having regard to their commercial accounting periods if they have changed the day on which their tax period ends under section 27-35 of A New Tax System (Goods and Services Tax) Act 1999?***

 This cover sheet is provided for information only. It does not form part of *TD 2000/54 - Income tax: Can a taxpayer calculate their Pay As You Go (PAYG) instalment amount for an instalment quarter having regard to their commercial accounting periods if they have changed the day on which their tax period ends under section 27-35 of A New Tax System (Goods and Services Tax) Act 1999?*

 This document has changed over time. This is a consolidated version of the ruling which was published on *29 November 2006*



---

---

## Taxation Determination

---

---

### **Income tax: Can a taxpayer calculate their Pay As You Go (PAYG) instalment amount for an instalment quarter having regard to their commercial accounting periods if they have changed the day on which their tax period ends under section 27-35 of A New Tax System (Goods and Services Tax) Act 1999?**

#### ***Preamble***

*This document does not rule on the application of a 'tax law' (as defined) and is, therefore, not a 'public ruling' for the purposes of Part IVAAA of the **Taxation Administration Act 1953**. The document is, however, administratively binding on the Commissioner of Taxation. Taxation Rulings TR 92/1 and TR 97/16 together explain when a Ruling is a 'public ruling' and how it is binding on the Commissioner.*

*[Note: This is a consolidated version of this document. Refer to the Tax Office Legal Database (<http://law.ato.gov.au>) to check its currency and to view the details of all changes.]*

#### ***Date of Effect***

*This Determination applies to years commencing both before and after its date of issue. However, this Determination does not apply to taxpayers to the extent that it conflicts with the terms of settlement of a dispute agreed to before the date of the Determination (see paragraphs 21 and 22 of Taxation Ruling TR 92/20).*

1. Yes, provided the taxpayer calculates their Pay as You Go (PAYG) instalment income for the instalment quarter over the equivalent tax periods adopted under section 27-35 of A *New Tax System (Goods and Services Tax) Act 1999* (GST Act 1999).
2. Under the PAYG instalment provisions a taxpayer that is required to pay instalments quarterly must pay an amount for each instalment quarter by the 21<sup>st</sup> day of the month following the end of the quarter (subsection 45-61(1) in Schedule 1 to the *Taxation Administration Act 1953* (TAA 1953)). For example, for a quarter that ends on 31 March, the instalment is due on 21 April. In determining the instalment payable, a taxpayer will need to calculate their instalment income for the quarter ending 31 March. The instalment payable is calculated by multiplying the taxpayer's instalment income for the period by their instalment rate.
3. For the purposes of the Goods and Services Tax legislation taxpayers may change the day on which their tax period would otherwise end to reflect their commercial accounting practices provided that:

- The day is no more than 7 days earlier or 7 days later than a day on which one of the tax periods that applies to the taxpayer would otherwise end if the days were not changed; and
- The change must be consistent with the commercial accounting period that applies to that taxpayer.

Where the day on which their tax period ends is changed by a taxpayer, the next tax period starts on the day after that day (see section 27-35 of the GST Act 1999).

4. If a taxpayer has changed the day on which their tax period ends under this provision, they may also calculate their instalment income amount for the instalment quarter over the equivalent tax periods adopted for GST purposes. Choosing to align tax periods with commercial accounting periods does not change the due dates for lodging Business Activity Statements or making payments. The Commissioner will remit in full any charges and civil penalties for false or misleading statements (section 284-75, 298-20 in Schedule 1 to the TAA 1953) that arise as a result of calculating their instalment based on tax periods changed in accordance with section 27-35 of the GST Act 1999.

***Example***

5. Nick operates a trawler. His normal accounting practice is to balance his accounts every Friday. Nick has quarterly tax periods for GST and PAYG Instalment Income. As 31 March falls on Sunday, Nick ends his tax period on Friday 29 March so that he does not have to make a special balance on the Sunday. Nick is required to lodge his Business Activity Statement and any payments on 21 April. Nick would only include instalment income accumulated to 29 March when determining his instalment payable for that quarter. He would not have to pay a penalty for not including instalment income that related to the period 30-31 March provided that the instalment income that accumulates for these days is included in Nick's instalment income for the next instalment quarter.

**Last Determination**

This is the last Taxation Determination for the 2000 calendar year. The next Determination will be Taxation Determination TD 2001/1.

**Commissioner of Taxation**

20 December 2000

---

*Previous draft:*

Previously issued in draft form as TD 2000/D22

*Subject references:*

- Pay As You Go
- PAYG Instalments

*Legislative references:*

- ANTS(GST)A 99 27-35
  - TAA 1953 Sch 1 45-61(1)
  - TAA 1953 Sch 1 284-75
  - TAA 1953 Sch 1 298-20
- 

## ATO references:

NO T2000/11634

BO

FOI Index details: I 1022403

ISSN: 1038-8982