


TD 2000/D10 - Income tax: Can a taxpayer that uses 13 four weekly accounting periods or 12 accounting periods, some of four weeks and others of five weeks, calculate their PAYG instalment amount for an instalment quarter having regard to their normal accounting periods?

 This cover sheet is provided for information only. It does not form part of *TD 2000/D10 - Income tax: Can a taxpayer that uses 13 four weekly accounting periods or 12 accounting periods, some of four weeks and others of five weeks, calculate their PAYG instalment amount for an instalment quarter having regard to their normal accounting periods?*

This document has been finalised by TD 2000/53.



Draft Taxation Determination

Income tax: Can a taxpayer that uses 13 four weekly accounting periods or 12 accounting periods, some of four weeks and others of five weeks, calculate their PAYG instalment amount for an instalment quarter having regard to their normal accounting periods?

Preamble

Draft Taxation Determinations (DTDs) present the preliminary, though considered, views of the Australian Taxation Office. DTDs should not be relied on; only final Taxation Determinations represent authoritative statements by the Australian Taxation Office.

1. Yes, to the extent that the taxpayer has approval under the GST legislation (section 27-37 *A New Tax System (Goods and Services Tax Act) 1999*) to have different tax periods.
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 21st day of the month following the end of the quarter (section 45-60 Schedule 1, of the *Taxation Administration Act 1953 (TAA 1953)*). For example, for a quarter that ends on 30 September, the instalment is due on 21 October. In determining the instalment payable, a taxpayer will need to calculate their instalment income for the quarter ending 30 September. The instalment payable is calculated by multiplying the taxpayer's instalment income for the period by their instalment rate.
3. Taxpayers with an annual turnover of \$20 million or more that use 13 four-weekly accounting periods or 12 accounting periods with some of four weeks and others of five weeks, can seek approval to have 12 complete tax periods for a year that reflect their normal accounting practices for the purposes of the Goods and Services Tax legislation (section 27-37 *A New Tax System (Goods and Services Tax Act) 1999, (GST Act 1999)*).
4. Where the taxpayer has this approval, they may also calculate their instalment income amount for the instalment quarter over the equivalent tax periods approved for GST purposes. The taxpayer may also remit their instalment income amount at the same time as the GST liability. The Commissioner will remit in full any failure to notify penalty (section 45-25, Schedule 1, of the *TAA 1953*) or general interest charge (section 45-80, Schedule 1, of the *TAA 1953*) that arises as a

result of calculating their instalment based on tax periods approved for GST purposes under section 27-37 GST Act 1999.

Example

5. Big Bricks Construction Pty Ltd (“Big Bricks Construction”) uses 13 four weekly accounting periods. It has been given approval under section 27-37 of the GST Act 1999 to use 12 complete tax periods that reflect their accounting periods.

6. Big Bricks Construction is required to pay a quarterly instalment on 21 October 2000 for the instalment period ending 30 September 2000. Big Bricks Construction’s last four week accounting period which was approved as a tax period for GST purposes ended on 27 September 2000. Big Bricks Construction would only include instalment income accumulated to 27 September 2000 when determining its instalment payable for that quarter. Big Bricks would not have to pay a penalty for not including instalment income that related to the period 28 September - 30 September 2000. The instalment income that accumulates for these days will be included in Big Bricks Construction’s instalment income for the next quarter.

Your comments

5. We invite you to comment on this Draft Taxation Determination. We are allowing 4 weeks for comments before we finalise the Determination. If you want your comments considered, please provide them to us within this period.

Comments by date:	18 August 2000
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Commissioner of Taxation**19 July 2000**

Previous draft:

Not previously released in draft form

Subject references:

- PAYG
- PAYG instalments

Legislative references:

- TAA 1953 Schedule 1
 - TAA 1953 45-60
 - TAA 1953 45-25
 - TAA 1953 45-80
 - ANTS(GST)A99 27-37
-

ATO references:

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