


TD 94/D108 - Income tax: should a pharmacist return income amounts payable under the Pharmaceutical Benefit Scheme (PBS) on an accrual basis?

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This document has been finalised by TD 96/19.

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: should a pharmacist return income amounts payable under the Pharmaceutical Benefit Scheme (PBS) on an accrual basis?

1. Yes. For taxation purposes a pharmaceutical chemist derives income from the supply of pharmaceuticals at the time of dispensing. Under the Pharmaceutical Benefit Scheme an approved chemist is entitled to payment by the Commonwealth of Australia for Pharmaceutical Benefits supplied. The supply of the pharmaceutical is the critical point of time at which the income can be accurately quantified by the pharmacist.

Example:

On 28 June 1994 a pharmacist dispenses a product listed on the National Health List.

The customer pays \$15.00 for the product and the Pharmacist is entitled to claim \$17.00 under the Pharmaceutical Benefits Scheme.

The \$17.00 is claimed on 6 July 1994 and received on 20 July 1994.

In these circumstances the total amount of \$32.00 is taxable in the year of income ended 30 June 1994.

Commissioner of Taxation
1/12/94

FOI INDEX DETAIL: Reference No.

Related Determinations:

Related Rulings:

Subject Ref: accruals

Legislative Ref: ITAA 25(1); NHA 87(1); NHA 99(2)

Case Ref:

ATO Ref: CANB AC 752 Pt 25; NAT 94/8501-5

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