




PS LA 2002/6 - Zone tax offset - use of the Australian Zone List

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ATO Practice Statement Law Administration

PS LA 2002/6

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FOI status: may be released

This Practice Statement is issued under the authority of the Commissioner and must be read in conjunction with Law Administration Practice Statement PS LA 1998/1. It must be followed by ATO officers unless doing so creates unintended consequences. Where this occurs ATO officers must follow their Business Line's escalation process.

SUBJECT: Zone tax offset – use of the Australian Zone List

PURPOSE: To advise the processes to be followed for using and maintaining the Australian Zone List for the purpose of determining whether a taxpayer is entitled to a zone tax offset.

STATEMENT

Mandatory use and maintenance

1. When considering a taxpayer's entitlement to the zone tax offset, officers must use the Australian Zone List (the List). They must follow the precedents recorded on the List when determining whether an area is in Zone A or Zone B, a special area in either Zone A or Zone B or in no zone.
2. When applying the List, officers must identify any potential deficiencies in the List and escalate any proposed changes to the List before finalising a case.
3. Officers must maintain the List to ensure it is current. This includes monitoring the need to add or remove listings where the circumstances have changed, adding new listings not previously considered, and correcting errors.
4. To maintain the integrity of the List, all changes to the List must be approved by an EL2 senior technical officer.

Escalation process

5. To escalate a proposed change, a recommendation to change the List must be prepared. The recommendation should include an analysis of the relevant issues, in particular the application of subsection 79A(3D) of the *Income Tax Assessment Act 1936* (ITAA 1936), guided by Taxation Ruling TR 94/27. It should also be accompanied by supporting evidence, including copies of relevant maps marked with practicable routes and an explanation as to why any shorter route is not a practicable route.

6. The recommendation to change the List must be approved by an approving officer or senior technical officer.
7. The recommendation to change the List should then be forwarded to Interpretative Assistance, Micro Enterprises and Individuals, for action and allocation to an EL2 officer for final approval.
8. Where a recommendation to change the List has been approved by the EL2 officer, the officers responsible for maintaining the content of the List are to change the List as required.

Implications of a change to the List

9. If at the time that a taxpayer lodges a tax return for any year of income, the taxpayer claimed a zone tax offset for an area that was listed on the List at the time of lodgement, the taxpayer's claim for tax offset is not to be reduced should the List be subsequently changed.
10. This Law Administration Practice Statement does not restrict the power of Australian Taxation Office (ATO) officers to amend the tax return of a taxpayer to increase the zone tax offset should an addition to, or correction of, the List provide the grounds to do so.

EXPLANATION

11. The Australian Zone List is a listing of isolated areas for which the ATO has previously determined the location for zone tax offset purposes in accordance with section 79A of the ITAA 1936 and Taxation Ruling TR 94/27. The List is maintained by the ATO to ensure consistent decision making by ATO officers. It is also made readily available to taxpayers to assist them in claiming their correct entitlement to a zone tax offset. The List can be searched on the internet at: http://www.ato.gov.au/content.asp?doc=/content/Professionals/rebate_zone.html
12. The Australian Zone List is not an exhaustive list of areas where residence will give rise to a zone tax offset. New settlements can be established, existing settlements may change, and some very small population centres may be overlooked. Further information can be provided to the ATO that establishes that a location should be considered for zone tax offset purposes. There is a continuous need to review and revise the List.

Amendment history

Date of amendment	Part	Comment
Xx May 2013	Paragraph 11	Minor amendment to wording and link
	Contact details	Updated
19 July 2011	Paragraph 11	Link updated
15 April 2010	Paragraphs 7 & 10	Minor amendments to update team names and wording
16 September 2008	Contact details	Updated
7 April 2008	Contact details	Updated

subject references: Australian Zone List; zone tax offset

legislative references: ITAA 1936 79A

related public rulings: TR 94/27

file references: 2001/016720; 2002/000774

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