



PS LA 2003/1 - Petroleum Excise Duty - Reporting and accounting for debit and credit adjustments outside the current reporting period

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 Refer to end of document for amendment history. Prior versions can be requested by emailing TCNLawPublishingandPolicy@ato.gov.au if required.

 This document has changed over time. This version was published on *1 July 2003*



ATO Practice Statement Law Administration

PS LA 2003/1

Refer to end of document for amendment history. Prior versions can be obtained from the [Practice Statements](#) mailbox if required.

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 (Australian Taxation Office) ATO officers unless doing so creates unintended consequences. Where this occurs ATO officers must follow their Business Line's escalation process.

SUBJECT: Petroleum Excise Duty - Reporting and accounting for debit and credit adjustments outside the current reporting period

PURPOSE: To set out the procedures that may be applied to clients who hold a current periodic settlement permission

STATEMENT

1. With ATO approval, where there is a need to make adjustments to the excise liability on an Excise Return for overpayments (set-off) or underpayments (set-on) that have occurred outside the current settlement period, a client may make those adjustments without seeking specific approval for each occasion. These adjustments include refund claims, drawback claims and underpayments. Under current arrangements an application is required for each individual claim circumstance.
2. These procedures may only be applied with the approval of the ATO to clients who meet all of the following requirements:
 - where there is minimal impact on the settlement payment for the period;
 - considered to be low risk;
 - able to provide a schedule of the adjustments at the time of lodging the relevant Excise Return or at an interval agreed to by the National Director; and
 - where the client's electronic system is compliant with the requirements of the ATO.
3. Prior to approving a client to use this adjustment process, the client will need to formally agree in writing to the requirements listed below. This agreement will be provided by the client to the National Director for petroleum excise, and confirm that:

- a) Supporting documentation will be maintained and made available to ATO Officers on request.
- b) Any adjustments that are found to have been incorrectly claimed will be corrected by an adjustment to the next Excise Return. That may involve a set-on for an incorrect refund or drawback claim, or set-off for an incorrect underpayment.
- c) A summary referred to as an Out of Period Adjustment Report, detailing the following data elements will be supplied electronically to the Petroleum excise area at the time of lodging the client's next Excise Return or at an interval agreed to by the National Director.

- ABN
- Client name
- Adjustment Reason Code

Retr	returns of physical product
Stor	errors of fact in relation to bunkers
Erro	errors of fact or misconception of law
Roth	does not fit into the above
Draw	drawbacks for duty paid product being exported
- Date of effect of duty
- Tariff classification
- Quantity *
- Excise Duty Rate
- \$ Amount *
- Comments (ie. vessel name for drawbacks)
- Net Adjustment Result *
- Declaration
- Signature

* the amount shown is taken as a credit unless specified with a minus sign to signify a debit

- d) Once an adjustment has been identified it must be reported as a debit or credit and be reflected in the total amount payable on the next Out of Period Adjustment Report.

Once this agreement has been received the National Director will advise the client in writing that they may incorporate all adjustments (both credit & debit) in their Excise Return. The agreement will stipulate the option (as per part 4a or 4b) to which the National Director and the client has agreed, including the intervals at which a report must be provided. The client will also be advised that acceptance of this procedure does not diminish or remove the Commissioner's ability to prosecute, or take any other action, if a taxpayer makes corrections in the set manner.

Approval may be withdrawn if a client is unable to comply with the stated requirements.

4. This practice may be utilised in two ways:

- a) Credit and debit adjustments from prior settlement periods **will not be** deducted or added from the quantity for the same product reported in the current Excise Return.

An Out of Period Adjustment Report will detail all debit and credit incidents identified during that period and will be netted off or on the final excise payment.

The net total of the Out of Period Adjustment Report will appear in the *Less Approved Credit* field of the Excise Return and will be added or deducted from the *Total Excise Payable* for that period.

The *Total Amount Payable* will be the *Total Excise Payable* (actual deliveries) plus or minus the total from *Less Approved Credit*. This is the amount to be paid.

- b) Credit and debit adjustments from prior settlement periods **will be** deducted or added from the quantity for the same product reported in the current Excise Return.

An Out of Period Adjustment Report will detail all debit and credit incidents identified during that period and will be netted off or on the final excise payment.

The *Total Excise Payable* will be actual deliveries plus or minus the total from the Out of Period Adjustment Report. The *Less Approved Credit* will be any adjustment amounts from prior periods for which it is not possible to set-off in the current period as there was insufficient quantities of the product concerned delivered during the current period. Refund claims for these amounts will need to be lodged with the petroleum excise area.

The *Total Amount Payable* will be the *Total Excise Payable* plus or minus the total from *Less Approved Credit*. This is the amount to be paid.

EXPLANATION

5. Under Part VIII of the *Excise Act 1901* clients can apply for refunds, drawbacks, remissions and rebates of excise duty paid. Part III, Reg 50 of the Excise Regulations 1925 details the circumstances and restrictions applicable to these adjustments.
6. A set-off is a method of paying a refund to an excise client by allowing them to reduce a future liability and is detailed in Reg 58 (2) of the Excise Regulations 1925. A set-off can only be applied to like product (ie. same Tariff Classification).
7. A set-on is a method used by clients to make a payment in a current settlement period to account for an underpayment in a previous settlement period.
8. The administrative arrangements allow clients to set-off and set-on all credit and debit adjustments from prior settlement periods into their next Excise Return and make a net total excise payment that reflects these adjustments. However, the client

must provide written assurance that they will maintain and make available all relevant documentation that supports the adjustments and lodge an Out of Period Adjustment Report which provides the detail of the credit and debit adjustments.

9. These arrangements will come into practice with the introduction of the new Excise Returns in 2003.

Amendment history

Date of amendment	Part	Comment
27 September 2011	Contact details Paragraphs 1 and 2	Updated. Tax Office updated to ATO as per Style Guide recommendations.
27 May 2010	Contact details	Updated.
6 August 2008	Contact details	Updated.
30 January 2008	Paragraph 3	Clarification that the Out of Period Adjustment Report is due at intervals negotiated between the client and the Excise National Director. References to industry groups removed. Addition of 'electronically' to (c) to clarify the accepted method for receiving the Adjustment Report. Reference to statistical codes and original instruments removed. Phrases added to provide general clarification of the Adjustment Report process.
	Paragraph 4 Various	References to industry groups removed. Generic or alcohol, tobacco, petroleum excise industry references changed to specific references to petroleum. References to 'weekly' settlement permission changed to 'periodic' settlement permission.
	Contact details	Authorisation and contact officer details updated to reflect changes to structure and accountabilities.

Subject references:	Excise Duty Lodgment of Excise Return Weekly Settlement Permission Set-on Set-off
Legislative references:	<i>Excise Act 1901</i> Part VIII, Excise Regulations 1925 Part III, Reg 50 (1), Reg 58 (2), Reg 78A (1)
ATO references:	File 2003/003426
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