



Taxation Laws Amendment Act (No. 3) 2001

No. 73, 2001



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**An Act to amend the law relating to taxation, and
for related purposes**

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No. 73, 2001

An Act to amend the law relating to taxation, and for related purposes

[Assented to 30 June 2001]

The Parliament of Australia enacts:

1 Short title

This Act may be cited as the *Taxation Laws Amendment Act (No. 3) 2001*.

2 Commencement

(1) Subject to this section, this Act commences on the day on which it receives the Royal Assent.

(1A) Part 5 of Schedule 1 is taken to have commenced on 23 May 2001.

(2) Items 48 to 52 of Schedule 2 are taken to have commenced on 1 January 2001.

(3) Part 3 of Schedule 3 is taken to have commenced on 1 April 2001.

3 Schedule(s)

Subject to section 2, each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

Schedule 1—Amendments relating to the goods and services tax

Part 1—GST returns and payments

A New Tax System (Goods and Services Tax) Act 1999

1 After section 31-5

Insert:

31-8 When GST returns must be given—quarterly tax periods

- (1) If a tax period applying to you is a *quarterly tax period, you must give your *GST return for the tax period to the Commissioner:
- (a) as provided in the following table; or
 - (b) within such further period as the Commissioner allows.

When quarterly GST returns must be given		
Item	If this day falls within the quarterly tax period ...	Give the GST return to the Commissioner on or before this day:
1	1 September	the following 28 October
2	1 December	the following 28 February
3	1 March	the following 28 April
4	1 June	the following 28 July

- (2) A tax period is a *quarterly tax period* if:
- (a) it is a period of 3 months; or
 - (b) it would be a period of 3 months but for the application of section 27-30 or 27-35.

Note: Under section 27-30, a tax period can be determined to take account of changes in tax periods. Under section 27-35, the start or finish of a 3 month tax period can vary by up to 7 days from the start or finish of a normal quarter.

2 Section 31-10 (heading)

Repeal the heading, substitute:

31-10 When GST returns must be given—other tax periods

3 Subsection 31-10(1)

After “a tax period”, insert “(other than a *quarterly tax period)”.

4 Subsection 31-15(1)

Repeal the subsection, substitute:

- (1) Your *GST return for a tax period must be in the *approved form.

5 Subsection 31-20(2)

Repeal the subsection, substitute:

- (2) The *approved form for a further or fuller *GST return may require information to be provided relating to:
- (a) the tax period to which the return relates; or
 - (b) one or more preceding tax periods; or
 - (c) both the tax period to which the return relates, and one or more preceding tax periods.

6 After section 33-1

Insert:

33-3 When payments of net amounts must be made—quarterly tax periods

If:

- (a) the *net amount for a tax period applying to you is greater than zero; and
- (b) the tax period is a *quarterly tax period;

you must pay the net amount to the Commissioner as follows:

When quarterly GST payments must be made		
Item	If this day falls within the quarterly tax period ...	Pay the net amount to the Commissioner on or before this day:
1	1 September	the following 28 October
2	1 December	the following 28 February
3	1 March	the following 28 April

When quarterly GST payments must be made		
Item	If this day falls within the quarterly tax period ...	Pay the net amount to the Commissioner on or before this day:
4	1 June	the following 28 July

7 Section 33-5 (heading)

Repeal the heading, substitute:

33-5 When payments of net amounts must be made—other tax periods

8 Subsection 33-5(1)

After “a tax period”, insert “(other than a *quarterly tax period)”.

9 Subsections 33-10(1) and (2)

Omit “under section 33-5”.

10 Section 35-10

Omit “under section 31-5 or 31-20”.

11 Subsections 51-50(2), (2A) and (3)

Repeal the subsections, substitute:

- (2) However, while an election made by the *joint venture operator under section 51-52 has effect, the joint venture operator must, in relation to all the *GST joint ventures for which the joint venture operator is the joint venture operator, give to the Commissioner a single *GST return for each tax period applying to the joint venture operator.
- (3) This section has effect despite section 31-5 (which is about who must give GST returns).

12 Paragraph 51-55(1)(b)

Omit “section 33-5”, substitute “section 33-3 or 33-5 (as the case requires)”.

13 Subsection 54-55(2)

Repeal the subsection.

14 Subsection 54-55(4)

Repeal the subsection, substitute:

- (4) This section has effect despite section 31-5 (which is about who must give GST returns).

15 Paragraph 54-60(1)(b)

Omit “section 33-5”, substitute “section 33-3 or 33-5 (as the case requires)”.

16 Subsection 78-85(2)

Repeal the subsection.

17 Subsection 78-85(3)

Omit “, 31-10 and 31-15”, substitute “and 31-10”.

18 Subsection 105-15(2)

Repeal the subsection.

19 Subsection 105-15(3)

Omit “, 31-10 and 31-15”, substitute “and 31-10”.

20 Section 195-1

Insert:

quarterly tax period has the meaning given by subsection 31-8(2).

Taxation Administration Act 1953

21 Subsection 70(1AAB)

Omit “that states a net amount”.

22 Application

The amendments made by this Part of this Schedule apply, and are taken to have applied, in relation to GST returns, and net amounts, for tax periods ending on or after 22 February 2001.

Part 2—Payment of GST by instalments

A New Tax System (Goods and Services Tax) Act 1999

23 Section 17-99 (after table item 9A)

Insert:

9B	Payment of GST by instalments	Division 162
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24 Section 27-99 (after table item 1)

Insert:

1AA	Payment of GST by instalments	Division 162
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25 Section 31-99 (after table item 4)

Insert:

4A	Payment of GST by instalments	Division 162
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26 Section 33-99 (after table item 5)

Insert:

5A	Payment of GST by instalments	Division 162
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27 Section 37-1 (after table item 21)

Insert:

21A	Payment of GST by instalments	Division 162
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28 At the end of subsection 126-5(3)

Add:

Note: If you are a *GST instalment payer your net amount is reduced by GST instalments you have paid: see section 162-105.

29 Before Division 165

Insert:

Division 162—Payment of GST by instalments

Table of Subdivisions

- 162-A Electing to pay GST by instalments
- 162-B Consequences of electing to pay GST by instalments
- 162-C GST instalments
- 162-D Penalty payable in certain cases if varied instalment amounts are too low

162-1 What this Division is about

You may be able to elect to pay GST by instalments. If you do, GST returns are given to the Commissioner annually, and quarterly instalments of GST are paid on the basis of the Commissioner's or your estimates of what your annual GST liability will be (followed by a reconciliation based on the annual GST return).

If you can average your income for income tax purposes, you only pay the last 2 quarterly instalments.

Note: In some cases, you will only pay the last 2 quarterly instalments: see section 162-105.

Subdivision 162-A—Electing to pay GST by instalments

162-5 Eligibility to elect to pay GST by instalments

- (1) You are eligible to elect to pay GST by instalments if:
 - (a) you do not exceed the *instalment turnover threshold; and
 - (b) the current tax period applying to you is not affected by:
 - (i) an election under section 27-10 (election of one month tax periods); or
 - (ii) a determination under section 27-15 (determination of one month tax periods); or
 - (iii) a determination under section 27-37 (special determination of tax periods on request); and
 - (c) your *current GST lodgment record is at least 4 months; and
 - (d) you have complied with all your obligations to give *GST returns to the Commissioner; and

- (e) you are not in a *net refund position.
- (2) The *instalment turnover threshold* is:
- (a) \$2 million; or
 - (b) such higher amount as the regulations specify.
- (3) You are in a *net refund position* if the sum of all your *net amounts is less than zero, for the tax periods for which *GST returns fell due during the period referred to in the relevant item in the third column of this table.

When you are in a net refund position		
Item	If your *current GST lodgment record is...	Take into account this period to work out whether you are in a net refund position:
1	at least 13 months	the 12 months preceding the current tax period applying to you
2	at least 10 months, but less than 13 months	the 9 months preceding that current tax period
3	at least 7 months, but less than 10 months	the 6 months preceding that current tax period
4	less than 7 months	the 3 months preceding that current tax period

- (4) In working out *net amounts for the purposes of subsection (3), disregard any entitlements you had to special credits, under section 16 of the *A New Tax System (Goods and Services Tax Transition) Act 1999*, that were attributable to any of the tax periods referred to in that subsection.

162-10 Your current GST lodgment record

- (1) If you are not a *member of a *GST group, your *current GST lodgment record* is the period, immediately preceding the current tax period applying to you, that is covered by tax periods applying to you for which you have given *GST returns to the Commissioner.
- (2) If you are a *member of a *GST group, your *current GST lodgment record* is the period, immediately preceding the current

tax period applying to you, that is covered by tax periods applying to you:

- (a) for which you have given *GST returns to the Commissioner;
and
 - (b) during which the membership of the GST group has not changed.
- (3) However, if you have been (but are not currently) the *representative member of a *GST group, any tax periods applying to you during which you were such a representative member are not to be counted towards your current GST lodgment record.

162-15 Electing to pay GST by instalments

- (1) You may, by notifying the Commissioner in the *approved form, elect to pay GST by instalments if you are eligible under section 162-5.
- (2) However, the Commissioner may disallow your election, even though you are eligible under section 162-5, if the Commissioner is satisfied that you have a history of failing to comply with your obligations under a *taxation law.

Note: Disallowing your election is a reviewable GST decision (see Division 7 of Part VI of the *Taxation Administration Act 1953*).

- (3) If your election is disallowed, it is taken never to have had effect.
- (4) Your election cannot relate to more than one *financial year.

162-20 Elections by representative members of GST groups

- (1) A *representative member of a *GST group cannot elect to pay GST by instalments unless each *member of the GST group is eligible under section 162-5.
- (2) If the *representative member makes such an election, the *instalment tax period applying to the representative member also applies to each member. However, the members other than the representative member are not *GST instalment payers.

162-25 When you must make your election

- (1) You must make your election on or before 28 October in the *financial year to which it relates.
- (2) However, if:
 - (a) during the *financial year but after 28 October in that financial year, you became eligible under section 162-5 to elect to pay GST by instalments; and
 - (b) this subsection had not applied to you before; and
 - (c) your *current GST lodgment record is not more than 6 months;you must make your election on or before the first day, after becoming eligible under section 162-5, on which you would, but for this Division, be required under section 31-8 to give a *GST return to the Commissioner.
- (3) The Commissioner may, in accordance with a request you make in the *approved form, allow you to make your election on a specified day occurring after the day provided for under subsection (1) or (2).

Note: Refusing a request to be allowed to make an election on a specified day under this subsection is a reviewable GST decision (see Division 7 of Part VI of the *Taxation Administration Act 1953*).

162-30 Duration of your election

- (1) Your election has effect, and is taken to have had effect, for the whole of the *financial year in question.
- (2) However, if:
 - (a) you make your election after 28 October in that *financial year; and
 - (b) part of that financial year is already covered by one or more tax periods for which you have given the Commissioner a *GST return;your election has effect, and is taken to have had effect, only for the part of that financial year that is not covered by those tax periods.

- (3) Your election does not cease to have effect because, after making the election, you exceed the *instalment turnover threshold at any time.

Subdivision 162-B—Consequences of electing to pay GST by instalments

162-50 GST instalment payers

- (1) You are a *GST instalment payer* while an election that you have made under section 162-15 has effect.
- (2) You are a *GST instalment payer* for the *financial year for which your election has effect.
- (3) However, if your election has effect only for part of a *financial year, you are a *GST instalment payer* only for that part of that financial year.

162-55 Tax periods for GST instalment payers

- (1) The tax period that applies to you, if you are a *GST instalment payer for a *financial year, is that financial year.
- (2) The tax period that applies to you, if you are a *GST instalment payer only for part of a *financial year, is that part of that financial year.
- (3) A tax period under this section is an *instalment tax period*.
- (4) This section has effect despite sections 27-5, 27-10, 27-15 and 27-30 (which are about tax periods).

162-60 When GST returns for GST instalment payers must be given

- (1) You must give your *GST return for the *instalment tax period to the Commissioner:
 - (a) if you are required under section 161 of the *ITAA 1936 to lodge a return in relation to a year of income corresponding to, or ending during, an instalment tax period applying to you—within the period, specified in the notice published in the *Gazette* under that section, for you to lodge as required under that section; or

- (b) if paragraph (a) does not apply—on or before the 28 February following the end of the instalment tax period.

Note: Section 388-55 in Schedule 1 to the *Taxation Administration Act 1953* allows the Commissioner to defer the time for giving the GST return.

- (2) However, in relation to an *instalment tax period that:
- (a) ends on 30 June 2001; or
 - (b) would have ended on 30 June 2001 but for the application of section 27-35;
- the period referred to in paragraph (1)(a) that would otherwise end after 28 February 2002 is taken to end on that day.

Note: Under section 27-35, the start or finish of a 3 month tax period could vary by up to 7 days from the start or finish of a normal quarter.

- (3) This section has effect despite sections 31-8 and 31-10 (which are about when GST returns must be given).

162-65 The form and contents of GST returns for GST instalment payers

- (1) If you are a *GST instalment payer only for part of a *financial year, the *approved form for your *GST return for the *instalment tax period consisting of that part of the financial year may require that the return relate to:
- (a) the instalment tax period; and
 - (b) the one or more preceding tax periods applying to you that fall within the financial year;
- as if they are a single tax period consisting of the whole of the financial year.
- (2) This section has effect in addition to, and does not limit the scope of, section 31-15 (which is about the form and contents of GST returns).

162-70 Payment of GST instalments

- (1) If you are a *GST instalment payer, you must, for each *instalment tax period applying to you, pay to the Commissioner an amount (your ***GST instalment***) for each *GST instalment quarter of the instalment tax period.

Note 1: GST instalments are worked out under Subdivision 162-C.

Schedule 1 Amendments relating to the goods and services tax
Part 2 Payment of GST by instalments

Note 2: Entities covered by section 162-80 only pay GST instalments on the last 2 GST instalment quarters.

- (2) These are the *GST instalment quarters* for an *instalment tax period:
- (a) the 3 months ending on 30 September during the period;
 - (b) the 3 months ending on 31 December during the period;
 - (c) the 3 months ending on 31 March during the period;
 - (d) the 3 months ending on 30 June during the period.
- (3) However, if the *instalment tax period is only part of a *financial year, any 3 month periods referred to in subsection (2) that do not form part of the instalment tax period are not GST instalment quarters of the instalment tax period.
- (4) You must pay your *GST instalment to the Commissioner as follows:

When GST instalments must be paid		
Item	If the GST instalment quarter ends on this day ...	Pay the GST instalment to the Commissioner on or before this day:
1	30 September	the following 28 October
2	31 December	the following 28 February
3	31 March	the following 28 April
4	30 June	the following 28 July

Note: Section 255-10 in Schedule 1 to the *Taxation Administration Act 1953* allows the Commissioner to defer the time for payment of the GST instalment.

- (5) You may pay by *electronic payment any *GST instalments payable by you. Any amounts of a GST instalment that you do not pay by electronic payment must be paid in the manner determined in writing by the Commissioner.

162-75 Giving notices relating to GST instalments

If:

- (a) you are required to pay a *GST instalment; and
 - (b) the Commissioner requires you to give a notice relating to the GST instalment;
-

you must give the notice to the Commissioner, in the *approved form, on or before the day on which you are required to pay the GST instalment.

162-80 Certain entities pay only 2 GST instalments for each year

- (1) If:
- (a) you are a *GST instalment payer for an *instalment tax period; and
 - (b) subsection (2) applies to you;
- section 162-70 has effect as if you are only required to pay *GST instalments for the last 2 *GST instalment quarters for the instalment tax period.
- (2) This subsection applies to you if:
- (a) both of the following conditions are satisfied:
 - (i) you are carrying on a *primary production business in an *income year corresponding to, or ending during, the *instalment tax period;
 - (ii) the *assessable income that was *derived from, or resulted from, a primary production business that you carried on in the *base year exceeded the amount of so much of your deductions in that year that are reasonably related to that income; or
 - (b) both of the following conditions are satisfied:
 - (i) you are a *special professional in an income year corresponding to, or ending during, the instalment tax period;
 - (ii) your *assessable professional income in the base year exceeded the amount of so much of your deductions in that year that are reasonably related to that income.

162-85 A GST instalment payer's concluding tax period

- (1) If any of the following occurs:
- (a) a *GST instalment payer who is an individual dies;
 - (b) a GST instalment payer ceases to *carry on any *enterprise;
 - (c) a GST instalment payer's *registration is cancelled;

during an *instalment tax period applying to the GST instalment payer, the instalment tax period is not affected by the death, cessation or cancellation.

- (2) However, any requirement to pay *GST instalments for a *GST instalment quarter of the *instalment tax period does not apply if the GST instalment quarter commences after:
 - (a) the death or cessation occurred; or
 - (b) the cancellation took effect.
- (3) This section has effect despite sections 27-40 (which is about an entity's concluding tax period) and 162-70.
- (4) However, this section does not affect the application of those sections if:
 - (a) a *GST instalment payer who is an individual becomes bankrupt; or
 - (b) a GST instalment payer that is not an individual goes into liquidation or receivership or for any reason ceases to exist.

162-90 The effect of bankruptcy, liquidation or receivership etc.

- (1) If:
 - (a) a *GST instalment payer who is an individual becomes bankrupt; or
 - (b) a GST instalment payer that is not an individual goes into liquidation or receivership or for any reason ceases to exist;the GST instalment payer must give the *GST return, for the *instalment tax period that ends because of the bankruptcy, liquidation, receivership or cessation, to the Commissioner:
 - (c) on or before the 21st day of the month following the end of the instalment tax period; or
 - (d) within such further period as the Commissioner allows.
- (2) If the *net amount for the *instalment tax period is greater than zero, the *GST instalment payer must pay the net amount to the Commissioner on or before the 21st day of the month following the end of the instalment tax period.
- (3) This section has effect despite sections 162-60 (which is about when GST instalment payers must give GST returns) and 162-110

(which is about when GST instalment payers must pay net amounts).

162-95 The effect of changing the membership of GST groups

- (1) If you are:
 - (a) a *GST instalment payer; and
 - (b) a *member of a *GST group whose membership changes during an *instalment tax period applying to you;the instalment tax period ends when the membership of the GST group changes.
- (2) The *representative member of the *GST group must give the *GST return for the *instalment tax period to the Commissioner:
 - (a) on or before the 21st day of the month following the end of the instalment tax period; or
 - (b) within such further period as the Commissioner allows.
- (3) If the *net amount for the *instalment tax period is greater than zero, the *representative member of the *GST group must pay the net amount to the Commissioner on or before the 21st day of the month following the end of the instalment tax period.
- (4) This section has effect despite sections 162-55 (which is about tax periods for GST instalment payers), 162-60 (which is about when GST instalment payers must give GST returns) and 162-110 (which is about when GST instalment payers must pay net amounts).

162-100 General interest charge on late payment

If you fail to pay some or all of a *GST instalment by the time by which the GST instalment is due to be paid, you are liable to pay the *general interest charge on the unpaid amount for each day in the period that:

- (a) started at the beginning of the day by which the GST instalment was due to be paid; and
- (b) finishes at the end of the last day on which, at the end of the day, any of the following remains unpaid:
 - (i) the GST instalment;
 - (ii) general interest charge on any of the instalment.

162-105 Net amounts for GST instalment payers

If you are a *GST instalment payer, your *net amount for an *instalment tax period is the difference between:

- (a) the amount that, but for this section, would be your *net amount under section 17-5 or 126-5 for the instalment tax period; and
- (b) the sum of all of the *GST instalments payable by you for the *GST instalment quarters of the instalment tax period.

162-110 When payments of net amounts must be made—GST instalment payers

- (1) If:
 - (a) you are a *GST instalment payer; and
 - (b) the *net amount for an *instalment tax period applying to you is greater than zero;you must pay the net amount to the Commissioner on or before the day on which, under section 162-60, you are required to give to the Commissioner your *GST return for the instalment tax period.
- (2) This section has effect despite sections 33-3 and 33-5 (which are about when payments of net amounts are made).

Subdivision 162-C—GST instalments

162-130 What are your GST instalments

- (1) If you are a *GST instalment payer, your *GST instalments for the *GST instalment quarters of an *instalment tax period applying to you are worked out under subsections (2) and (3).
- (2) Your *GST instalment for the first *GST instalment quarter is whichever of the following you choose:
 - (a) your *notified instalment amount for the GST instalment quarter; or
 - (b) your *varied instalment amount for the GST instalment quarter.
- (3) Your *GST instalment for any other *GST instalment quarter is:

- (a) if you have a *notified instalment amount for the GST instalment quarter—whichever of the following you choose:
 - (i) your notified instalment amount for the GST instalment quarter; or
 - (ii) your *varied instalment amount for the GST instalment quarter; or
- (b) if you do *not* have a notified instalment amount for the GST instalment quarter—whichever of the following you choose:
 - (i) 25% of your *estimated annual GST amount relating to the preceding GST instalment quarter; or
 - (ii) your varied instalment amount for the GST instalment quarter.

Note: Subsection 162-135(2) sets out when you will not have a notified instalment amount for a GST instalment quarter.

162-135 Notified instalment amounts

- (1) Your ***notified instalment amount*** for a *GST instalment quarter is the amount that is:
 - (a) worked out by the Commissioner; and
 - (b) notified by the Commissioner to you before the day on which the *GST instalment is due.
- (2) However, the Commissioner is not to work out or notify a *notified instalment amount for a *GST instalment quarter if you had a *varied instalment amount for an earlier GST instalment quarter of the same *instalment tax period.

162-140 Varied instalment amounts

- (1) You may, by notifying the Commissioner in the *approved form, substitute another amount for:
 - (a) your *notified instalment amount for a *GST instalment quarter; or
 - (b) if paragraph 162-130(3)(b) applies to a GST instalment quarter—your *GST instalment for the preceding GST instalment quarter.

The amount substituted is your ***varied instalment amount*** for the GST instalment quarter.

- (2) The amount substituted must not be less than zero.

- (3) You must give the notice to the Commissioner on or before the day on which the *GST instalment for the *GST instalment quarter is due.
- (4) You must include in the notice an estimate of your *annual GST liability relating to the *instalment tax period in question. This estimate is your *estimated annual GST amount* relating to the *GST instalment quarter.

Note: You may be liable to penalty under Subdivision 162-D if your variation of the notified instalment amount is too much of an underestimate of your total GST liability.

- (5) However, if paragraph 162-130(3)(b) applies to a *GST instalment quarter but you do not, under subsection (1) of this section, substitute another amount by notifying the Commissioner in the *approved form:
 - (a) your *varied instalment amount* for the GST instalment quarter is 25% of your *estimated annual GST amount relating to the preceding GST instalment quarter; and
 - (b) your *estimated annual GST amount* relating to the GST instalment quarter is your *estimated annual GST amount relating to the preceding GST instalment quarter.

162-145 Your annual GST liability

- (1) Your *annual GST liability*, for an *instalment tax period that is a *financial year, is the amount that would be your *net amount for the period if it were not reduced under section 162-105.
- (2) Your *annual GST liability*, for an *instalment tax period that is only part of a *financial year, is the sum of:
 - (a) the amount that would be your *net amount for the period if it were not reduced under section 162-105; and
 - (b) your *early net amounts for the financial year (subtracting any of those amounts that are less than zero).
- (3) Your *early net amounts* for the *financial year are your *net amounts for any tax periods that:
 - (a) started, or would but for section 27-35 have started, at the start of or during that financial year; and
 - (b) ended before the start of the *instalment tax period applying to you that forms part of that financial year.

Note: Under section 27-35, the start or finish of a 3 month tax period could vary by up to 7 days from the start or finish of a normal quarter.

Subdivision 162-D—Penalty payable in certain cases if varied instalment amounts are too low

162-170 What this Subdivision is about

There are 3 circumstances where a penalty can arise if a varied instalment amount is too low:

- (a) your payments are too low a proportion of your annual GST liability (see section 162-175);
- (b) your estimated annual GST amount is too low a proportion of your annual GST liability (see section 162-180);
- (c) the varied instalment amount is too low a proportion of your estimated annual GST amount (see section 162-185).

The penalty is based on the general interest charge rate, and the machinery provisions of Division 298 in Schedule 1 to the *Taxation Administration Act 1953* apply.

Note: This section is an explanatory section.

162-175 GST payments are less than 85% of annual GST liability

- (1) You are liable to pay a penalty, for a *GST instalment quarter of an *instalment tax period applying to you, if you have a *varied instalment amount for the GST instalment quarter, and:
 - (a) if the instalment tax period is a *financial year—the sum of your *GST instalments for all the GST instalment quarters of the instalment tax period is less than 85% of your *annual GST liability for the instalment tax period; or
 - (b) if the instalment tax period is only part of a financial year—the sum of:
 - (i) your *GST instalments for all the GST instalment quarters of the instalment tax period; and

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Part 2 Payment of GST by instalments

- (ii) your *early net amounts for the financial year (subtracting any of those amounts that are less than zero);
is less than 85% of your annual GST liability for the instalment tax period.
- (2) The amount of the penalty, for a particular day, is worked out by applying the *general interest charge:
- (a) for each day in the period in section 162-190; and
 - (b) in the way set out in subsection 8AAC(4) of the *Taxation Administration Act 1953*;
- to your *GST instalment shortfall, under this section, for the *GST instalment quarter.
- (3) Your ***GST instalment shortfall***, under this section, for the *GST instalment quarter is the amount worked out as follows:

$$\left[\begin{array}{l} \text{Your *annual GST} \\ \text{liability for the} \\ \text{*instalment tax period} \end{array} \times \begin{array}{l} \text{The *appropriate} \\ \text{percentage for the} \\ \text{*GST instalment quarter} \end{array} \right] - \text{GST already payable}$$

where:

GST already payable is the sum of:

- (a) the *varied instalment amount; and
 - (b) all your other *GST instalments (if any) for earlier *GST instalment quarters of the *instalment tax period in question; and
 - (c) if the instalment tax period is only part of a *financial year—your *early net amounts for the financial year (subtracting any of those amounts that are less than zero).
- (4) However, if:
- (a) the *GST instalment quarter is not the first GST instalment quarter of the *instalment tax period in question; and
 - (b) you are liable for one or more penalties under this section in relation to any of the earlier GST instalment quarters of the instalment tax period;
- then:
- (c) your ***GST instalment shortfall***, under this section, for the *GST instalment quarter is the difference between:

- (i) the amount worked out using the formula in subsection (3); and
 - (ii) the sum of all your GST instalment shortfalls for those earlier GST instalment quarters; and
 - (d) if that sum is greater than the amount worked out using the formula in subsection (3)—you are not liable to pay a penalty under this section in relation to the GST instalment quarter.
- (5) The *appropriate percentage* for a *GST instalment quarter is:
- (a) if the GST instalment quarter ends on 30 September—25%;
or
 - (b) if the GST instalment quarter ends on 31 December—50%;
or
 - (c) if the GST instalment quarter ends on 31 March—75%; or
 - (d) if the GST instalment quarter ends on 30 June—100%.

162-180 Estimated annual GST amount is less than 85% of annual GST liability

- (1) You are liable to pay a penalty, for a *GST instalment quarter of an *instalment tax period applying to you, if:
- (a) you have a *varied instalment amount for the GST instalment quarter; and
 - (b) you are not liable to pay a penalty, for the GST instalment quarter, under section 162-175; and
 - (c) your *estimated annual GST amount relating to the GST instalment quarter is less than:
 - (i) 85% of your *annual GST liability for the instalment tax period; or
 - (ii) if the GST instalment quarter ends on 30 September 2001—75% of your *annual GST liability for the instalment tax period; and
 - (d) the varied instalment amount is less than or equal to 25% of your annual GST liability for the instalment tax period.
- (2) The amount of the penalty, for a particular day, is worked out by applying the *general interest charge:
- (a) for each day in the period in section 162-190; and
 - (b) in the way set out in subsection 8AAC(4) of the *Taxation Administration Act 1953*;

to your *GST instalment shortfall, under this section, for the *GST instalment quarter.

- (3) Your ***GST instalment shortfall***, under this section, for the *GST instalment quarter is the amount worked out as follows:

$$\left[\begin{array}{r} \text{Your *annual GST} \\ \text{liability for the} \\ \text{*instalment tax period} \end{array} - \begin{array}{r} \text{Your *estimated annual} \\ \text{GST amount for the *GST} \\ \text{instalment quarter} \end{array} \right] \times \begin{array}{r} \text{The *appropriate} \\ \text{percentage for the} \\ \text{GST instalment quarter} \end{array}$$

- (4) However, if:

- (a) the *GST instalment quarter is not the first GST instalment quarter of the *instalment tax period in question; and
- (b) you are liable for one or more penalties under this section in relation to any of the earlier GST instalment quarters of the instalment tax period;

then:

- (c) your ***GST instalment shortfall***, under this section, for the *GST instalment quarter is the difference between:
 - (i) the amount worked out using the formula in subsection (3); and
 - (ii) the sum of all your GST instalment shortfalls for those earlier GST instalment quarters; and
 - (d) if that sum is greater than the amount worked out using the formula in subsection (3)—you are not liable to pay a penalty under this section in relation to the GST instalment quarter.
- (5) For the purpose of working out your *GST instalment shortfall under this section, your *estimated annual GST amount relating to the *GST instalment quarter is taken to be the amount worked out as follows, if the amount is less than that estimated annual GST amount:

$$\frac{\text{GST already payable}}{\text{The *appropriate percentage for the *GST instalment quarter}}$$

where:

GST already payable is the sum of:

- (a) the *varied instalment amount in question; and

- (b) all your other *GST instalments (if any) for earlier *GST instalment quarters of the *instalment tax period in question; and
- (c) if the instalment tax period is only part of a *financial year—your *early net amounts for the financial year (subtracting any of those amounts that are less than zero).

162-185 Shortfall in GST instalments worked out on the basis of estimated annual GST amount

- (1) You are liable to pay a penalty, for a *GST instalment quarter of an *instalment tax period applying to you, if:
 - (a) you have a *varied instalment amount for the GST instalment quarter; and
 - (b) you are not liable to pay a penalty, for the GST instalment quarter, under section 162-175 or 162-180; and
 - (c) the amount worked out by multiplying your *estimated annual GST amount relating to the GST instalment quarter by the *appropriate percentage for the GST instalment quarter exceeds the sum of:
 - (i) the varied instalment amount; and
 - (ii) all your other *GST instalments (if any) for earlier GST instalment quarters of the *instalment tax period in question; and
 - (iii) if the instalment tax period is only part of a *financial year—your *early net amounts for the financial year (subtracting any of those amounts that are less than zero).
- (2) The amount of the penalty, for a particular day, is worked out by applying the *general interest charge:
 - (a) for each day in the period in section 162-190; and
 - (b) in the way set out in subsection 8AAC(4) of the *Taxation Administration Act 1953*;to your *GST instalment shortfall, under this section, for the *GST instalment quarter.
- (3) Your ***GST instalment shortfall***, under this section, for the *GST instalment quarter is the amount of the excess referred to in paragraph (1)(c).

162-190 Periods for which penalty is payable

You are liable to pay the penalty under this Subdivision for each day in the period that:

- (a) started at the beginning of the day by which the *GST instalment, for the *GST instalment quarter to which the charge relates, was due to be paid; and
- (b) finishes at the end of the day before which you must, under section 162-110, pay to the Commissioner your *net amount for the *instalment tax period that includes that GST instalment quarter.

162-195 Reduction in penalties if notified instalment amount is less than 25% of annual GST liability

- (1) This section reduces your *GST instalment shortfall, for a *GST instalment quarter of an *instalment tax period applying to you, if:
 - (a) you are liable to pay a penalty under section 162-175 or 162-180 for a *GST instalment quarter of an *instalment tax period applying to you; and
 - (b) for that or any other GST instalment quarter of an *instalment tax period:
 - (i) you have a *notified instalment amount that is less than 25% of your *annual GST liability for the instalment tax period; or
 - (ii) you do not have a notified instalment amount, but the Commissioner is satisfied that, if you had such a notified instalment amount, it would be less than 25% of your annual GST liability for the instalment tax period.

- (2) The *GST instalment shortfall is reduced by the amount worked out as follows:

$$\left[\begin{array}{l} \text{Your * annual GST} \\ \text{liability for the} \\ \text{*instalment tax period} \end{array} \times \begin{array}{l} \text{The * appropriate} \\ \text{percentage for the} \\ \text{*GST instalment quarter} \end{array} \right] - \text{Notified and} \\ \text{other amounts}$$

where:

notified and other amounts is the sum of:

- (a) the *notified instalment amount, or, if you do not have a notified instalment amount for the *GST instalment quarter,

- the amount that the Commissioner is satisfied would have otherwise been that notified instalment amount; and
- (b) for each of the earlier GST instalment quarters (if any) of the *instalment tax period in question:
 - (i) the notified instalment amount; or
 - (ii) if you do not have a notified instalment amount for the *GST instalment quarter—the amount that the Commissioner is satisfied would have otherwise been that notified instalment amount; and
 - (c) if the instalment tax period is only part of a *financial year—your *early net amounts for the financial year (subtracting any of those amounts that are less than zero).
- (3) If, because of the reduction, your *GST instalment shortfall for the *GST instalment quarter is zero or less than zero, you are not liable to pay a penalty under section 162-175 or 162-180 (as the case requires) in relation to the GST instalment quarter.
- (4) If both this section and section 162-200 apply to a particular *GST instalment shortfall, apply this section to the shortfall before applying section 162-200.

162-200 Reduction in penalties if GST instalment shortfall is made up in a later instalment

- (1) This section reduces your *GST instalment shortfall, for a *GST instalment quarter of an *instalment tax period applying to you, if:
 - (a) you pay to the Commissioner a *GST instalment for a later GST instalment quarter of the instalment tax period; and
 - (b) that GST instalment exceeds 25% of your *annual GST liability for the instalment tax period.The amount of that excess is called the *top up*.
- (2) The *GST instalment shortfall is reduced by applying so much of the top up as does not exceed the GST instalment shortfall.
- (3) However, if some of the top up has already been applied (under any other application or applications of this section) to reduce a *GST instalment shortfall for a different *GST instalment quarter of the *instalment tax period, the GST instalment shortfall is reduced by applying so much of the top up as has not already been applied, and does not exceed the GST instalment shortfall.

- (4) The reduction under subsection (2) has effect for each day in the period that:
- (a) started at the beginning of the day on which you paid the *GST instalment for the later *GST instalment quarter; and
 - (b) finishes at the end of the day before which you must, under section 162-110, pay to the Commissioner your *net amount for the *instalment tax period.

162-205 This Subdivision does not create a liability for general interest charge

For the avoidance of doubt, this Subdivision does not have the effect of making you liable to pay the *general interest charge.

30 Section 188-5 (at the end of the table)

Add:

- | | | |
|---|-------------------------------|---|
| 5 | Instalment turnover threshold | whether you can elect to pay GST by instalments (see subsection 162-5(2)) |
|---|-------------------------------|---|

31 Paragraph 188-10(3)(a) (first occurring)

Reletter as paragraph (aa).

32 Before paragraph 188-10(3)(b)

Insert:

- (ab) the *instalment turnover threshold;

33 Section 195-1

Insert:

annual GST liability, for an *instalment tax period, has the meaning given by section 162-145.

34 Section 195-1

Insert:

average income has the meaning given by subsection 392-45(1) of the *ITAA 1997.

35 Section 195-1

Insert:

appropriate percentage, for a *GST instalment quarter, has the meaning given by subsection 162-175(5).

36 Section 195-1

Insert:

assessable income has the meaning given by subsection 995-1(1) of the *ITAA 1997.

37 Section 195-1

Insert:

assessable professional income has the meaning given by subsection 405-20(1) of the *ITAA 1997.

38 Section 195-1

Insert:

base year has the meaning given by sections 45-320 and 45-470 in Schedule 1 to the *Taxation Administration Act 1953*.

39 Section 195-1

Insert:

current GST lodgment record has the meaning given by section 162-10.

40 Section 195-1

Insert:

derived has a meaning affected by subsection 6-5(4) of the *ITAA 1997.

41 Section 195-1

Insert:

early net amount has the meaning given by subsection 162-145(3).

42 Section 195-1

Insert:

estimated annual GST amount has the meaning given by subsection 162-140(4) and paragraph 162-140(5)(b).

43 Section 195-1

Insert:

general interest charge means the charge worked out under Division 1 of Part IIA of the *Taxation Administration Act 1953*.

44 Section 195-1

Insert:

GST instalment has the meaning given by subsection 162-70(1).

45 Section 195-1

Insert:

GST instalment payer has the meaning given by section 162-50.

46 Section 195-1

Insert:

GST instalment quarter has the meaning given by subsections 162-70(2) and (3).

47 Section 195-1

Insert:

GST instalment shortfall, for a *GST instalment quarter in relation to which you are liable to pay a penalty under Subdivision 162-D, means:

- (a) if the penalty is payable under section 162-175—the amount worked out under subsection 162-175(3) or paragraph 162-175(4)(c) (whichever is applicable); or
- (b) if the penalty is payable under section 162-180—the amount worked out under subsection 162-180(3) or paragraph 162-180(4)(c) (whichever is applicable); or
- (c) if the penalty is payable under section 162-185—the amount worked out under subsection 162-185(3).

Note: The amount of a GST instalment shortfall can be reduced under section 162-195 or 162-200 (or both).

48 Section 195-1

Insert:

instalment tax period has the meaning given by subsection 162-55(3).

49 Section 195-1

Insert:

instalment turnover threshold has the meaning given by subsection 162-5(2).

50 Section 195-1 (definition of *net amount*)

Omit “section 17-5 and 126-5”, substitute “sections 17-5, 126-5 and 162-105”.

51 Section 195-1

Insert:

net refund position has the meaning given by subsection 162-5(3).

52 Section 195-1

Insert:

notified instalment amount has the meaning given by subsection 162-135(1).

53 Section 195-1

Insert:

primary production business has the meaning given by subsection 995-1(1) of the *ITAA 1997.

54 Section 195-1

Insert:

special professional has the meaning given by subsection 405-25(1) of the *ITAA 1997.

55 Section 195-1

Insert:

varied instalment amount has the meaning given by subsection 162-140(1) and paragraph 162-140(5)(a).

Income Tax Assessment Act 1997

56 After paragraph 25-5(1)(c)

Insert:

(ca) a penalty under Subdivision 162-D of the *GST Act; or

57 At the end of section 26-5

Add:

(2) This section does not apply to an amount payable, by way of penalty, under Subdivision 162-D of the *GST Act.

Note: See paragraph 25-5(1)(c) for the deductibility of penalties under Subdivision 162-D of the GST Act.

Taxation Administration Act 1953

58 Subsection 8AAB(5) (before table item 1A)

Insert:

1AA	162-100	<i>A New Tax System (Goods and Services Tax) Act 1999</i>
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59 Subsection 22(1)

After “net amount”, insert “, or any part of your net amount,”.

60 Subsection 62(2) (after table item 37A)

Insert:

37B	disallowing an election to pay GST by instalments	subsection 162-15(2)
37C	refusing a request to be allowed to make an election on a specified day	subsection 162-25(3)

61 Section 298-5 in Schedule 1

Repeal the section, substitute:

298-5 Scope of Division

This Division applies if:

- (a) an administrative penalty is imposed on an entity by another Division in this Part; or
- (b) a penalty is imposed on an entity by Subdivision 162-C of the *GST Act.

62 Application

- (1) The amendments made by this Part of this Schedule (other than the amendments made by items 56 and 57) apply, and are taken to have applied, in relation to net amounts for tax periods starting, or that started, on or after 1 July 2000.
- (2) The amendments made by items 56 and 57 apply to assessments for the 2000-2001 income year and later income years.

Part 3—Substituted accounting periods

A New Tax System (Goods and Services Tax) Act 1999

63 Paragraph 27-15(1)(c)

Omit “law; or”, substitute “law.”.

64 Paragraph 27-15(1)(d)

Repeal the paragraph.

65 Subsection 27-15(2A)

Repeal the subsection.

66 Application

- (1) The amendments made by this Part of this Schedule apply in relation to tax periods starting on or after 1 July 2001.
- (2) Any determination made under section 27-15 of the *A New Tax System (Goods and Services Tax) Act 1999* that:
 - (a) is in force immediately before 1 July 2001; and
 - (b) could not have been made on any ground other than the ground referred to in paragraph 27-15(1)(d) of that Act;is taken, on and after 1 July 2001, to have been revoked with effect from the start of that day.

Part 4—Correction of errors

A New Tax System (Goods and Services Tax) Act 1999

67 After section 17-15

Insert:

17-20 Determinations relating to how to work out net amounts

- (1) The Commissioner may make a determination that, in the circumstances specified in the determination, a *net amount for a tax period may be worked out to take account of other matters in the way specified in the determination.
- (2) The matters must relate to correction of errors made in working out *net amounts for the immediately preceding tax period.
- (3) If those circumstances apply in relation to a tax period applying to you, you may work out your *net amount for the tax period in that way.

68 Application

The amendment made by this Part of this Schedule applies, and is taken to have applied, in relation to net amounts for tax periods starting, or that started, on or after 1 July 2000.

Part 5—Phasing in input tax credits for motor vehicles etc.

A New Tax System (Goods and Services Tax Transition) Act 1999

69 At the end of subsection 6(2)

Add:

Note: Subsection 20(8) provides a rule stating when motor vehicles and other goods covered by subsection 20(1) are taken to be removed.

70 Subsection 20(2)

Omit “1 July 2001”, substitute “23 May 2001”.

71 Subsection 20(3)

Repeal the subsection.

72 Paragraph 20(3A)(c)

Omit “, (3)”.

73 Subsection 20(4B)

Omit “Neither subsection (2) nor subsection (3) applies if you make the acquisition or importation before 1 July 2002”, substitute “Subsection (2) does not apply if you make the acquisition or importation before 23 May 2001”.

74 Subsection 20(4B) (definition of *original input tax credit*)

Repeal the definition, substitute:

original input tax credit is the amount that would (but for this section) be the amount of the input tax credit on the acquisition or importation.

75 Subsection 20(4C)

Omit “1 July 2002”, substitute “23 May 2001”.

76 Subsection 20(6)

Repeal the subsection.

77 At the end of section 20

Add:

- (8) For the purposes of applying subsection 6(2) to determine when an acquisition to which this section applies is made, the goods in question are not taken to be removed until the goods are physically removed:
 - (a) by the entity acquiring the goods; or
 - (b) if the entity acquires the goods for supply by way of lease—by that entity or the lessee of the goods.
- (9) Subsection (8) does not by implication affect the application of subsection 6(2) to acquisitions to which this section does not apply.
- (10) For the purposes of this section, an importation takes place when it becomes a taxable importation.

78 Application

The amendments made by this Part of this Schedule apply in relation to acquisitions and importations made on or after 23 May 2001.

Schedule 2—Pay as you go instalments

Part 1—Paying instalments using GDP-adjusted notional tax

Taxation Administration Act 1953

1 Section 45-1 in Schedule 1

Repeal the section, substitute:

45-1 What this Division is about

If you have business or investment income, you must pay instalments towards your income tax liability. However, you do not have to do so unless the Commissioner has given you an instalment rate. Generally, instalments are payable for each quarter of your income year.

Your instalments may be based on your previous year's income tax liability and notified to you by the Commissioner, or on your estimate of your income tax liability for the current income year. (In this case, you are a quarterly payer who pays on the basis of GDP adjusted notional tax). Generally, four quarterly instalments are payable annually on this basis, but you may only be required to pay two.

If you are not eligible to pay instalments on that basis, or if you are so eligible but choose not to do so, you must work out the amount of your quarterly instalment by multiplying your instalment income for an instalment quarter by the rate the Commissioner gave you, or by a rate you choose yourself. (In this case, you are a quarterly payer who pays on the basis of instalment income).

If you are not registered for GST purposes, you may be able to choose to pay an annual instalment after the end of the income year. (In this case, you are an annual payer).

The amount of annual instalment can be your instalment income for the income year multiplied by the rate the Commissioner gave you, or an amount based on your previous year's income tax liability and notified to you by the Commissioner, or your own estimate of your income tax liability for the income year.

2 Subsection 45-5(2) in Schedule 1

Omit "quarter. (There are limited exceptions to this).", substitute "quarter if you are required or choose to work out your instalment on this basis. However, you may be able to pay an amount notified by the Commissioner. (There are exceptions to this).".

3 Subsection 45-5(5) in Schedule 1

Omit "The", substitute "If you are a *quarterly payer who pays on the basis of instalment income, the".

4 Section 45-20 in Schedule 1 (heading)

Repeal the heading, substitute:

45-20 Information to be given to the Commissioner by certain payers

5 Sections 45-50 and 45-55 in Schedule 1

Repeal the sections, substitute:

45-50 Liability to pay instalments

- (1) Subject to subsection (4), you are liable to pay an instalment for an *instalment quarter in an income year if, at the end of that instalment quarter, you are:
 - (a) a *quarterly payer who pays 4 instalments annually on the basis of GDP-adjusted notional tax; or
 - (b) a *quarterly payer who pays on the basis of instalment income.
- (2) Subject to subsection (4), you are liable to pay an instalment for an *instalment quarter that is the third or fourth instalment quarter in an income year if, at the end of that quarter, you are a *quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax.

Schedule 2 Pay as you go instalments

Part 1 Paying instalments using GDP-adjusted notional tax

- (3) Subject to subsection (4), you are liable to pay an instalment for an income year if, at the end of the *starting instalment quarter in that year, you are an *annual payer.

Note: You may be liable to pay both an instalment for an income year and instalments for instalment quarters in that income year. See section 45-150.

- (4) You are only liable to pay an instalment for an *instalment quarter or an income year if:
- (a) the Commissioner has given you an instalment rate; and
 - (b) the Commissioner has not withdrawn your instalment rate before the end of that quarter or year.

6 Section 45-60 in Schedule 1

Repeal the section, substitute:

45-60 Meaning of *instalment quarter*

For an income year (whether it ends on 30 June or not), the following are the *instalment quarters*:

- (a) your first *instalment quarter* consists of the first 3 months of the income year; and
- (b) your second *instalment quarter* consists of the fourth, fifth and sixth months of the income year; and
- (c) your third *instalment quarter* consists of the seventh, eighth and ninth months of the income year; and
- (d) your fourth *instalment quarter* consists of the tenth, 11th and 12th months of the income year.

45-61 When quarterly instalments are due—payers of quarterly instalments

You are not a deferred BAS payer

- (1) Subject to subsection (2), if you are:
- (a) a *quarterly payer who pays on the basis of instalment income; or
 - (b) a *quarterly payer who pays 4 instalments annually on the basis of GDP-adjusted notional tax; or
 - (c) a *quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax;
-

the instalment for an *instalment quarter that you are liable to pay is due on or before the 21st day of the month after the end of that quarter.

Note: You are only liable to pay instalments for the third and fourth instalment quarters in an income year if you are a quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax. See section 45-50.

You are a deferred BAS payer

(2) If:

- (a) subsection (1) would, but for this subsection, have applied to you in relation to an *instalment quarter; but
- (b) you are a *deferred BAS payer on the 21st day of the month after the end of that quarter;

the instalment for that quarter is instead due on or before:

- (c) the 28th day of the month after the end of that quarter unless all or a part of a December falls within the last month of that quarter; or
- (d) if all or a part of a December falls within the last month of that quarter—the next 28 February.

Note: You are only liable to pay instalments for the third and fourth instalment quarters in an income year if you are a quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax. See section 45-50.

7 Section 45-65 in Schedule 1

Repeal the section.

8 Subsection 45-90(1) in Schedule 1 (note)

Omit all the words after “If the Commissioner does so,”, substitute “you cease to be liable to pay instalments (even if you have chosen a rate under section 45-205). See subsection 45-50(4).”.

9 Subsection 45-90(2) in Schedule 1

Omit all the words from and including “another one”, substitute:
another one:

- (a) you are again liable to pay instalments in accordance with section 45-50; and
- (b) this Division has effect as if the Commissioner has given you an instalment rate for the first time.

10 Subsection 45-110(1) in Schedule 1

After “follows”, insert “if, at the end of that instalment quarter, you are a *quarterly payer who pays on the basis of instalment income”.

11 Section 45-110 in Schedule 1 (heading)

Repeal the heading, substitute:

45-110 How to work out amount of quarterly instalment on instalment income basis

12 Subsection 45-112(1) in Schedule 1

After “*quarterly payer who pays on the basis of GDP-adjusted notional tax”, insert “who is liable to pay an instalment for that quarter”.

13 Subdivision 45-D in Schedule 1 (heading)

Repeal the heading, substitute:

Subdivision 45-D—Quarterly payers

14 Sections 45-125 and 45-130 in Schedule 1

Repeal the sections, substitute:

45-125 Quarterly payer who pays instalments on the basis of instalment income

- (1) You are a *quarterly payer who pays on the basis of instalment income* if:
- (a) at the end of the *starting instalment quarter in an income year, you are not a *quarterly payer who pays on the basis of GDP-adjusted notional tax and you are not an *annual payer; or
 - (b) but for this section, you would be a quarterly payer who pays on the basis of GDP-adjusted notional tax at the end of the starting instalment quarter in an income year but you choose to pay quarterly instalments on the basis of your instalment income.

Note: The entity must make the choice mentioned in paragraph (b) in accordance with subsection (4).

- (2) The *starting instalment quarter* in an income year (the *current year*) is:
- (a) if the Commissioner gives you an instalment rate for the first time during an *instalment quarter in the current year—that instalment quarter (even if it is not the first instalment quarter in the current year); or
 - (b) if the Commissioner has given you an instalment rate during a previous income year and your instalment rate has not been withdrawn—the first instalment quarter in the current year; or
 - (c) if you become liable to pay an instalment for an instalment quarter in the current year because of subsection 45-150(2)—that instalment quarter (even if it is not the first instalment quarter in the current year).

How and when you become such a payer

- (3) You become a *quarterly payer who pays on the basis of instalment income just before the end of the *starting instalment quarter if paragraph (1)(a) or (b) is satisfied.
- (4) You must make the choice mentioned in paragraph (1)(b) by notifying the Commissioner in the *approved form on or before the day on which the instalment for that quarter is due (disregarding subsection 45-112(3)).

How and when you stop being such a payer

- (5) If you are a *quarterly payer who pays on the basis of instalment income because of paragraph (1)(a), you stop being such a payer at the start of the first *instalment quarter in the *next* income year if, at the end of that quarter, you become:
- (a) a *quarterly payer who pays on the basis of GDP-adjusted notional tax; or
 - (b) an *annual payer.
- (6) If you are a *quarterly payer who pays on the basis of instalment income because of paragraph (1)(b), you stop being such a payer at the start of the first *instalment quarter in the *next* income year if:
- (a) you become an *annual payer at the end of that quarter; or
 - (b) both of the following conditions apply:

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- (i) you choose not to be a quarterly payer who pays on the basis of instalment income;
 - (ii) you become a *quarterly payer who pays on the basis of GDP-adjusted notional tax at the end of that quarter.
- (7) You may only make the choice mentioned in paragraph (6)(b) if you would otherwise satisfy paragraph 45-130(1)(a), (b) or (c) at the end of that quarter. You must make that choice by notifying the Commissioner in the *approved form on or before the day on which the instalment for that quarter is due (disregarding subsection 45-112(3)).

45-130 Quarterly payer who pays on the basis of GDP-adjusted notional tax

- (1) You are a *quarterly payer who pays on the basis of GDP-adjusted notional tax* if, at the end of the *starting instalment quarter in an income year:
- (a) you are an individual who is not an *annual payer or a *quarterly payer who pays on the basis of instalment income; or
 - (b) you are a *full self-assessment taxpayer:
 - (i) that is not an *annual payer or a *quarterly payer who pays on the basis of instalment income; and
 - (ii) your base assessment instalment income (within the meaning of section 45-320) for the *base year is \$1 million or less; or
 - (c) you satisfy all of the following conditions:
 - (i) you are a *full self-assessment taxpayer whose base assessment instalment income (within the meaning of section 45-320) for the *base year is more than \$1 million;
 - (ii) you are not an annual payer, but you satisfy the conditions set out in subsection 45-140(1) for an annual payer;
 - (iii) you are not a quarterly payer who pays on the basis of instalment income.

Note: Paragraph (a) may apply to you if you are a multi-rate trustee. See section 45-468.

How and when you become such a payer

- (2) You become such a payer just before the end of the *starting instalment quarter if paragraph (1)(a), (b) or (c) is satisfied.

How and when you stop being such a payer

- (3) You stop being a *quarterly payer who pays on the basis of GDP-adjusted notional tax at the start of the first *instalment quarter in the *next* income year if you fail to satisfy paragraph (1)(a), (b) or (c) at the end of that quarter.
- (4) In addition, you stop being such a payer at the start of the first *instalment quarter in the *next* income year if, at the end of that quarter, you become:
- (a) a *quarterly payer who pays on the basis of instalment income; or
 - (b) an *annual payer.

45-132 Quarterly payer who pays 4 instalments annually on the basis of GDP-adjusted notional tax

- (1) You are a *quarterly payer who pays 4 instalments annually on the basis of GDP-adjusted notional tax* if, at the end of the *starting instalment quarter in an income year:
- (a) you satisfy the conditions to be a *quarterly payer who pays on the basis of GDP-adjusted notional tax under section 45-130; and
 - (b) you do not satisfy the conditions to be a *quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax under section 45-134.

How and when you become such a payer

- (2) You become such a payer just before the end of the *starting instalment quarter if paragraphs (1)(a) and (b) are satisfied.

How and when you stop being such a payer

- (3) You stop being a *quarterly payer who pays 4 instalments annually on the basis of GDP-adjusted notional tax at the start of the first *instalment quarter in the *next* income year if you fail to satisfy paragraphs (1)(a) and (b) at the end of that quarter.

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- (4) In addition, you stop being such a payer at the start of the first *instalment quarter in the *next* income year if, at the end of that quarter, you become:
- (a) a *quarterly payer who pays on the basis of instalment income; or
 - (b) an *annual payer.

45-134 Quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax

- (1) You are a *quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax* if, at the end of the *starting instalment quarter in an income year, you are an individual that is a *quarterly payer who pays on the basis of GDP-adjusted notional tax and one or more of the following paragraphs apply:
- (a) both of the following conditions are satisfied:
 - (i) you are carrying on a *primary production business in the income year;
 - (ii) the assessable income that was *derived from, or resulted from, a primary production business that you carried on in the *base year exceeded the amount of so much of your deductions in that year that are reasonably related to that income;
 - (b) both of the following conditions are satisfied:
 - (i) you are a *special professional in the income year;
 - (ii) your *assessable professional income in the base year exceeded the amount of so much of your deductions in that year that are reasonably related to that income.

Note: This section may apply to you if you are a multi-rate trustee. See section 45-468.

How and when you become such a payer

- (2) You become such a payer just before the end of the *starting instalment quarter if subsection (1) is satisfied.

How and when you stop being such a payer

- (3) You stop being a *quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax at the start of the first

*instalment quarter in the *next* income year if you fail to satisfy subsection (1) at the end of that quarter.

- (4) In addition, you also stop being such a payer at the start of the first *instalment quarter in the *next* income year if, at the end of that quarter, you become:
- (a) a *quarterly payer who pays on the basis of instalment income; or
 - (b) an *annual payer.

15 Subsection 45-140(1) in Schedule 1

Omit “first *instalment quarter in an income year for which you would otherwise be liable to pay a quarterly instalment”, substitute “*starting instalment quarter”.

16 Subsection 45-140(3) in Schedule 1

Repeal the subsection, substitute:

- (3) You become an *annual payer* just before the end of the *starting instalment quarter if:
- (a) you satisfy the conditions in subsection (1); and
 - (b) you choose to pay instalment annually.

17 Subsection 45-150(2) in Schedule 1

Repeal the subsection, substitute;

- (2) You must pay an instalment for that or a later *instalment quarter if subsection 45-50(1) or (2) requires you to do so.

18 Subsection 45-155(1) in Schedule 1

Repeal the subsection, substitute:

- (1) You stop being an *annual payer at the start of the first *instalment quarter in an income year (the *current year*) if:
- (a) after the end of the first instalment quarter in the previous income year and before the end of the first instalment quarter in the current year, the Commissioner notifies you of your *notional tax, and it is \$8,000 or more; or
 - (b) you choose to pay instalments quarterly instead of annually.

19 After subsection 45-155(1) in Schedule 1

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Insert:

- (1A) You must make the choice by notifying the Commissioner, in the *approved form, on or before the day on which the instalment for the first *instalment quarter for the current year would otherwise be due (disregarding subsection 45-112(3)).

20 Subsection 45-155(3) in Schedule 1

Omit “the income year”, substitute “the previous income year”.

21 Subsection 45-155(4) in Schedule 1

Repeal the subsection, substitute:

- (4) You may again become an *annual payer at the end of the first *instalment quarter in a later income year if:
- (a) at that time, you again satisfy the conditions in section 45-140; and
 - (b) you again choose under that section to pay annually.

22 Subsection 45-180(2) in Schedule 1

Repeal the subsection, substitute:

- (2) You must pay an instalment for the first *instalment quarter in the *next* income year and instalments for later instalment quarters if subsection 45-50(1) or (2) requires you to do so.

23 Subdivision 45-F in Schedule 1 (heading)

Repeal the heading, substitute:

Subdivision 45-F—Varying the instalment rate for quarterly payers who pay on the basis of instalment income

24 Section 45-200 in Schedule 1

Omit “*quarterly payer”, substitute “*quarterly payer who pays on the basis of instalment income at the end of an *instalment quarter”.

25 Paragraph 45-215(1)(b) in Schedule 1

Repeal the paragraph, substitute:

- (b) that rate is lower than the instalment rate you used to work out the amount of your instalment for the previous instalment quarter (if any) in the same income year; and

26 Section 45-400 in Schedule 1

Omit all the words before the table, substitute:

- (1) This section applies if you are a *quarterly payer who pays 4 instalments annually on the basis of GDP-adjusted notional tax at the end of an *instalment quarter in an income year (the *current year*).
- (2) The amount of your instalment for that *instalment quarter which the Commissioner must work out and notify to you under paragraph 45-112(1)(a) is:
 - (a) the amount worked out in accordance with the table if it is positive; or
 - (b) otherwise—nil.

27 Section 45-400 in Schedule 1 (heading)

Repeal the heading, substitute:

45-400 Working out amount of instalment—payers of 4 quarterly instalments

28 At the end of section 45-400 in Schedule 1

Add:

Note: Your instalments for earlier instalment quarters may have been worked out on a basis other than GDP-adjusted notional tax.

29 After section 45-400 in Schedule 1

Insert:

45-402 Working out amount of instalment—payers of 2 quarterly instalments

- (1) This section applies if you are a *quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax at the end of an *instalment quarter in an income year.

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- (2) If you are liable to pay an instalment for that *instalment quarter, the amount of that instalment which the Commissioner must work out and notify to you under paragraph 45-112(1)(a) is:
- (a) the amount worked out in accordance with this section if it is positive; or
 - (b) otherwise—nil.

Amount of instalment

- (3) Subject to subsections (4) to (6), the amount of that instalment is worked out in accordance with the following table:

Amount of quarterly instalment		
Item	If the *instalment quarter is:	the amount of the instalment is:
1	the third *instalment quarter in the income year	75% of your *GDP-adjusted notional tax
2	the fourth *instalment quarter in the income year	100% of your *GDP-adjusted notional tax, reduced by your instalment for earlier instalment quarter in that income year

You receive instalment rate for the first time in second quarter

- (4) If the Commissioner gives you an instalment rate for the first time during the second *instalment quarter in that income year, the amount of the instalment is worked out in accordance with the following table:

Amount of quarterly instalment		
Item	If the *instalment quarter is:	the amount of the instalment is:
1	the third *instalment quarter in the income year	50% of your *GDP-adjusted notional tax
2	the fourth *instalment quarter in the income year	75% of your *GDP-adjusted notional tax, reduced by your instalment for the earlier instalment quarter in that income year

You receive instalment rate for the first time in third quarter

- (5) If the Commissioner first gives you an instalment rate during the third *instalment quarter in that income year, the amount of the instalment is worked out in accordance with the following table:

Amount of quarterly instalment		
Item	If the *instalment quarter is:	the amount of the instalment is:
1	the third *instalment quarter in the income year	25% of your *GDP-adjusted notional tax
2	the fourth *instalment quarter in the income year	50% of your *GDP-adjusted notional tax, reduced by your instalment for the earlier instalment quarter in that income year

You receive instalment rate for the first time in fourth quarter

- (6) If the Commissioner first gives you an instalment rate during the fourth *instalment quarter in that income year, the amount of the instalment must be equal to 25% of your *GDP-adjusted notional tax.

30 Subsection 45-405(1) in Schedule 1

After “45-400”, insert “or 45-402 (as appropriate)”.

31 Before subsection 45-410(1) in Schedule 1

Insert:

- (1A) This section applies if you are a *quarterly payer who pays 4 instalments annually on the basis of GDP-adjusted notional tax at the end of an *instalment quarter in an income year (the *current year*).

32 Section 45-410 in Schedule 1 (heading)

Repeal the heading, substitute:

45-410 Working out amount of instalment—payers of 4 quarterly instalments

33 Subsection 45-410(1) in Schedule 1

Omit “an *instalment”, substitute “that *instalment”.

34 After section 45-410 in Schedule 1

Insert:

45-412 Working out amount of instalment—payers of 2 quarterly instalments

- (1) This section applies if you are a *quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax at the end of an *instalment quarter in an income year.
- (2) If you are liable to pay an instalment for that quarter, the amount of that instalment for the purposes of paragraph 45-112(1)(b) or (c) is:
 - (a) the amount worked out, in accordance with this section, on the basis of the estimate of your *benchmark tax for that income year that section 45-415 requires to be used, if that amount is positive; or
 - (b) otherwise—nil.

Note: If the amount is negative, you can claim a credit under section 45-420.

Instalment for third quarter

- (3) Subject to subsections (5) to (9), the amount of the instalment for the third *instalment quarter in that year is 75% of the estimate of your *benchmark tax.

Instalment for fourth quarter

- (4) Subject to subsections (5) to (9), the amount of the instalment for the fourth *instalment quarter in that year is worked out by subtracting:
 - (a) the amount of your instalment for the earlier instalment quarter in that year;from:
 - (b) the estimate of your *benchmark tax.

You receive instalment rate for the first time in second quarter

- (5) If the Commissioner gives you an instalment rate for the first time during the second *instalment quarter in the income year, the

amount of the instalment for the third *instalment quarter in that year is 50% of the estimate of your *benchmark tax.

- (6) If the Commissioner gives you an instalment rate for the first time during the second *instalment quarter in the income year, the amount of the instalment for the fourth instalment quarter in that year is worked out by subtracting:
- (a) the amount of your instalment for the earlier instalment quarter in that year;
- from:
- (b) 75% of the estimate of your *benchmark tax.

You receive instalment rate for the first time in third quarter

- (7) If the Commissioner gives you an instalment rate for the first time during the third *instalment quarter in the income year, the amount of the instalment for the third instalment quarter in that year is 25% of the estimate of your *benchmark tax.
- (8) If the Commissioner gives you an instalment rate for the first time during the third *instalment quarter in the income year, the amount of the instalment for the fourth instalment quarter in that year is worked out by subtracting:
- (a) the amount of your instalment for the earlier instalment quarter in that year;
- from:
- (b) 50% of the estimate of your *benchmark tax.

You receive instalment rate for the first time in fourth quarter

- (9) If the Commissioner gives you an instalment rate for the first time during the fourth *instalment quarter in the income year, the amount of the instalment for that quarter is 25% of the estimate of your *benchmark tax.

35 Subsection 45-420(1) in Schedule 1

After “45-410”, insert “or 45-412 (as appropriate)”.

36 Section 45-468 in Schedule 1

Omit “who pays on the basis of GDP-adjusted notional tax”.

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37 Section 45-468 in Schedule 1 (heading)

Repeal the heading, substitute:

45-468 Multi-rate trustee may pay quarterly instalments

38 At the end of section 45-468 in Schedule 1

Add:

Note: This means that a multi-rate trustee may pay instalments on the basis of GDP-adjusted notional tax if the trustee otherwise satisfies the relevant test that applies to an individual.

39 Section 45-610 (item 1 of the table) in Schedule 1

After “even if you are an *annual payer”, insert “or a *quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax”.

40 Application

The amendments of Schedule 1 to the *Taxation Administration Act 1953* made by this Part apply in respect of the 2001-2002 income year and later income years.

Note: There are transitional rules that apply to some instalment quarters in the 2000-2001 income year. See Part 2 of this Schedule.

Income Tax Assessment Act 1997

41 Subsection 995-1(1)

Insert:

full self-assessment taxpayer has the same meaning as in subsection 6(1) of the *Income Tax Assessment Act 1936*.

42 Subsection 995-1(1) (definition of *quarterly payer who pays on the basis of GDP-adjusted notional tax*)

Repeal the definition, substitute:

quarterly payer who pays on the basis of GDP-adjusted notional tax has the meaning given by section 45-130 in Schedule 1 to the *Taxation Administration Act 1953*.

43 Subsection 995-1(1)

Insert:

quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax has the meaning given by section 45-134 in Schedule 1 to the *Taxation Administration Act 1953*.

44 Subsection 995-1(1)

Insert:

quarterly payer who pays 4 instalments annually on the basis of GDP-adjusted notional tax has the meaning given by section 45-132 in Schedule 1 to the *Taxation Administration Act 1953*.

45 Subsection 995-1(1)

Insert:

quarterly payer who pays on the basis of instalment income has the meaning given by section 45-125 in Schedule 1 to the *Taxation Administration Act 1953*.

46 Subsection 995-1(1)

Insert:

starting instalment quarter has the meaning given by subsection 45-125(2) in Schedule 1 to the *Taxation Administration Act 1953*.

47 Application

The amendments of the *Income Tax Assessment Act 1997* made by this Part apply in respect of the 2001-2002 income year and later income years.

Part 2—Transitional rules

48 Preliminary

- (1) This Part sets out transitional rules for:
- (a) new categories of payers of *PAYG instalment for some *instalment quarters in the 2000-2001 income year; and
 - (b) some existing PAYG instalment payers for some instalment quarters in the 2000-2001 income year; and
 - (c) a method of calculating instalment amounts for some instalment quarters in the 2000-2001 and 2001-2002 income years; and
 - (d) some PAYG instalment payers for some instalment quarters in the 2002 income year.
- (2) In this Part, if there is an asterisk appearing at the start of a term (as in “*instalment quarters”), the term has the same meaning as in subsection 995-1(1) of the *Income Tax Assessment Act 1997*.

49 Transitional—new categories of payers who pay on basis of GDP-adjusted notional tax for 2000-2001 income year

- (1) Despite any other provisions, an entity may choose to be a *quarterly payer who pays on the basis of GDP-adjusted notional tax for the purposes of Division 45 in Schedule 1 to the *Taxation Administration Act 1953* if:
- (a) the entity satisfies the conditions in subitem (2) at the end of an *instalment quarter for which the entity is liable to pay an instalment under that Division; and
 - (b) that quarter (*transitional quarter*):
 - (i) is in the 2000-2001 income year; and
 - (ii) ends on or after 31 March 2001 but not after 31 December 2001.
- Note: The entity must make the choice in accordance with subitem (3).
- (2) The entity satisfies the conditions in this subitem at a particular time if, at that time:
- (a) the entity is an individual or a *multi-rate trustee that is not an *annual payer or a *quarterly payer who pays on the basis

of GDP-adjusted notional tax (within the meaning of section 45-125 in Schedule 1 to the *Taxation Administration Act 1953* apart from the effect of this item); or

(b) the entity:

- (i) is a *full self-assessment taxpayer whose base assessment instalment income (within the meaning of section 45-320 in that Schedule) for the *base year is \$1 million or less; and
- (ii) is not an annual payer; or

(c) the entity:

- (i) is a full self-assessment taxpayer whose base assessment instalment income (within the meaning of section 45-320 in that Schedule) for the base year is more than \$1 million; and
- (ii) is not an annual payer but it satisfies the conditions set out in subsection 45-140(1) in that Schedule for an annual payer.

(3) The entity must make the choice by notifying the Commissioner in the *approved form on or before the day on which the instalment for that transitional quarter is due (disregarding subsection 45-112(3) in Schedule 1 to the *Taxation Administration Act 1953*).

(4) If the entity makes the choice in accordance with this item:

- (a) the entity becomes a *quarterly payer who pays on the basis of GDP-adjusted notional tax for all purposes of Division 45 in Schedule 1 to the *Taxation Administration Act 1953* just before the end of that transitional quarter; and
- (b) the entity remains such a payer for each of the rest of the transitional quarters unless the Commissioner withdraws the entity's instalment rate under section 45-90 in that Schedule during that quarter; and
- (c) for the purposes of this item, subsections 45-125(1) to (3) and section 45-130 in that Schedule do not apply to the entity.

50 Transitional—some existing PAYG payers for 2000-2001 income year

(1) This item applies to an entity that:

- (a) is a *quarterly payer who pays on the basis of GDP-adjusted notional tax (within the meaning of section 45-125 of Schedule 1 to the *Taxation Administration Act 1953*) at the end of a transitional quarter (within the meaning of item 49 of this Schedule); and
 - (b) is not an entity that has chosen to become such a payer under item 49 of this Schedule.
- (2) Section 45-130 in Schedule 1 to the *Taxation Administration Act 1953* does not apply to that entity for that transitional quarter and all later transitional quarters.

51 Transitional—calculation of instalment amount

- (1) Despite any other provisions, the Commissioner must work out in accordance with the following formula the amount of an instalment for a relevant quarter that the Commissioner notifies to a transitional payer under paragraph 45-112(1)(a) in Schedule 1 to the *Taxation Administration Act 1953*:

$$\left[\text{Notional tax} \times \left(1 + \text{GDP adjustment} \right) \right] \div 4$$

- (2) In this item:

GDP adjustment has the same meaning as in section 45-405 in Schedule 1 to the *Taxation Administration Act 1953*.

notional tax has the meaning given by sections 45-325 and 45-475 in Schedule 1 to the *Taxation Administration Act 1953*.

relevant quarter means an *instalment quarter that:

- (a) is in the 2000-2001 or 2001-2002 income year; and
- (b) ends on or after 31 March 2001 but not on or after 31 December 2001.

transitional payer means an entity that becomes a *quarterly payer who pays on the basis of GDP-adjusted notional tax (within the meaning of Division 45 in Schedule 1 to the *Taxation Administration Act 1953*) at the end of a relevant quarter only because of:

- (a) the operation of item 49 of this Schedule; or
- (b) the amendments of that Division by this Schedule.

- (3) An amount worked out under this item has effect as if it were worked out under Subdivision 45-L in Schedule 1 to the *Taxation Administration Act 1953*.
-

- (4) Nothing in this item prevents the application to a transitional payer of paragraph 45-112(1)(b) in Schedule 1 to the *Taxation Administration Act 1953* in respect of the instalment for a relevant quarter.
- (5) However, paragraph 45-112(1)(c) and section 45-420 in that Schedule do not apply to a transitional payer in respect of the instalment for a relevant quarter.

52 Transitional—instalment quarters before 1st July 2001 in 2001-2002 income year

- (1) This item applies to an entity if:
 - (a) but for this item, the entity would have become a *quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax just before the end of an *instalment quarter under section 45-134 in Schedule 1 to the *Taxation Administration Act 1953*; and
 - (b) that instalment quarter (the **first quarter**) is:
 - (i) in the 2001-2002 income year; and
 - (ii) begins before 1st July 2001.
- (2) Despite any other provisions:
 - (a) an entity to which this item applies does not so become a *quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax; and
 - (b) for the purposes of Division 45 in Schedule 1 to the *Taxation Administration Act 1953*, the entity instead becomes a *quarterly payer who pays 4 instalments annually on the basis of GDP-adjusted notional tax (**four instalments payer**) just before the end of the first quarter; and
 - (c) the entity stops being a four instalments payer at the start of the first instalment quarter that begins on or after 1 July 2001 (the **later quarter**) if:
 - (i) as a result of paragraph (b), the entity would otherwise be a four instalment payer at the end of the later quarter; and
 - (ii) the entity would satisfy subsection 45-134(1) in Schedule 1 to that Act at the end of the later quarter if the reference to the *starting instalment quarter in that subsection were a reference to the later quarter; and

- (d) the entity becomes a *quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax at the end of the later quarter if subparagraph (c)(ii) of this item applies (whether or not subparagraph (c)(i) also applies).

53 Regulations

The Governor-General may make regulations prescribing matters necessary or convenient to be prescribed for carrying out or giving effect to this Part, being matters that are:

- (a) of a transitional nature; and
- (b) not inconsistent with this Part.

Part 3—Consequential amendments

Income Tax Assessment Act 1936

54 Section 160APA (subparagraph (a)(iabb) of the definition of applicable general company tax rate)

Omit “PAYG rate variation credit”, substitute “PAYG instalment variation credit”.

55 Section 160APA (subparagraph (a)(iabd) of the definition of applicable general company tax rate)

Omit “PAYG rate variation credit”, substitute “PAYG instalment variation credit”.

56 Section 160APA

Insert:

PAYG instalment variation credit means a credit under section 45-215 or 45-420 in Schedule 1 to the *Taxation Administration Act 1953*.

57 Section 160APA (definition of PAYG rate variation credit)

Repeal the definition.

58 Section 160APA (subparagraph (ab)(i) of the definition of termination time)

Omit “PAYG rate variation credit”, substitute “PAYG instalment variation credit”.

59 Section 160APA (subparagraph (ab)(i) of the definition of termination time)

After “45-215”, insert “or 45-420”.

60 Paragraph 160APBB(2)(c)

Omit “or 45-215”, substitute “, 45-215 or 45-420”.

61 Section 160APBC

Repeal the section, substitute:

160APBC Application of PAYG instalment variation credit

If a company:

- (a) is liable to pay a PAYG instalment; and
 - (b) has a PAYG instalment variation credit;
- the PAYG instalment variation credit must be fully applied to reduce the liability for the PAYG instalment before any other credit or payment can be applied to reduce that liability.

62 Paragraph 160APBD(3)(a)

Omit “PAYG rate variation credit”, substitute “PAYG instalment variation credit”.

63 Paragraph 160APBD(3)(b)

Omit “PAYG rate variation credit”, substitute “PAYG instalment variation credit”.

64 Subsection 160APMAB(3)

Omit “PAYG rate variation credit” (wherever occurring), substitute “PAYG instalment variation credit”.

65 Subsection 160APMF(1)

Omit “PAYG rate variation credit”, substitute “PAYG instalment variation credit”.

Note: The heading to section 160APMF is altered by omitting “**PAYG rate variation credits**” and substituting “**PAYG instalment variation credits**”.

66 Section 160APVI

Omit “PAYG rate variation credit”, substitute “PAYG instalment variation credit”.

67 Subparagraph 160APVJ(1)(a)(ii)

Omit “PAYG rate variation credit”, substitute “PAYG instalment variation credit”.

Note: The heading to section 160APVJ is altered by omitting “**PAYG rate variation credit**” and substituting “**PAYG instalment variation credit**”.

68 Paragraph 160APVN(a)

Omit “PAYG rate variation credit”, substitute “PAYG instalment variation credit”.

69 Subsection 160APYBAB(1)

Omit “PAYG rate variation credit”, substitute “PAYG instalment variation credit”.

Note: The heading to section 160APYBAB is altered by omitting “PAYG rate variation credits” and substituting “PAYG instalment variation credits”.

70 Subsection 160APYBAB(1)

After “45-215”, insert “or 45-420”.

71 Subsection 160APYBAB(2)

Omit “PAYG rate variation credit”, substitute “PAYG instalment variation credit”.

72 Section 160AQCNC A

Omit “PAYG rate variation credit”, substitute “PAYG instalment variation credit”.

73 Subparagraph 160AQCNCB(a)(ii)

Omit “PAYG rate variation credit”, substitute “PAYG instalment variation credit”.

74 Subparagraph 160AQCNC D(1)(a)(ii)

Omit “PAYG rate variation credit”, substitute “PAYG instalment variation credit”.

75 Subsection 160AQCNC E(1)

Omit “PAYG rate variation credit” (wherever occurring), substitute “PAYG instalment variation credit”.

Note: The heading to section 160AQCNC E is altered by omitting “PAYG rate variation credits” and substituting “PAYG instalment variation credits”.

76 Subsection 160AQCNC E(1)

After “45-215”, insert “or 45-420”.

77 Subsection 160AQCNC E(2)

Omit “PAYG rate variation credit”, substitute “PAYG instalment variation credit”.

78 Paragraph 160AQCNCJ(1)(b)

Omit “PAYG rate variation credit”, substitute “PAYG instalment variation credit”.

79 Subsection 160AQDAA(2A)

Omit “PAYG rate variation credit”, substitute “PAYG instalment variation credit”.

80 Subsection 160AQJC(1A)

Omit “PAYG rate variation credit” (wherever occurring), substitute “PAYG instalment variation credit”.

81 Subsection 160AQJC(3)

Omit “PAYG rate variation credit” (wherever occurring), substitute “PAYG instalment variation credit”.

82 Subsection 160AQJC(3)

Omit “PAYG rate variation credits”, substitute “PAYG instalment variation credits”.

83 Section 160AREA

Omit “PAYG rate variation credit” (wherever occurring), substitute “PAYG instalment variation credit”.

84 Subsection 160ARYC(2)

Omit “PAYG rate variation credit” (wherever occurring), substitute “PAYG instalment variation credit”.

85 Subsection 160ARYC(2) (formula)

Repeal the formula, substitute:

$$0.1 \times \left[\begin{array}{r} \text{Total of class C} \\ \text{franking credits} \\ \text{that arose in the} \\ \text{first franking year} \end{array} - \begin{array}{r} \text{The adjusted amount in} \\ \text{relation to the PAYG instalment} \\ \text{variation credits referred to in} \\ \text{paragraph 160AQJC(1A)(c)} \end{array} \right]$$

Taxation Administration Act 1953

86 Subsection 6-5(3) in Schedule 1

After “your”, insert “GDP-adjusted notional tax or your”.

87 Subsection 6-5(3) in Schedule 1

Omit “each”, substitute “a”.

88 At the end of subsection 45-232(2) in Schedule 1

Add:

acceptable amount, of your instalment for an *instalment quarter in an income year, has the meaning given by subsections (3), (3A), (3B), (3C) and (3D).

89 Subsection 45-232(3) in Schedule 1

Omit “The *acceptable amount* of your instalment for an *instalment quarter in an income year is”, substitute “If you are a *quarterly payer who pays 4 instalments annually on the basis of GDP-adjusted notional tax, the *acceptable amount* of your instalment for that instalment quarter is”.

90 After subsection 45-232(3) in Schedule 1

Insert:

- (3A) Subject to subsections (3B), (3C) and (3D), if you are a *quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax, the *acceptable amount* of your instalment for an *instalment quarter in an income year is:
- (a) if the amount of the instalment is worked out under paragraph 45-112(1)(b) or (c)—the amount worked out using the table in this subsection (which can be a negative amount); or
 - (b) otherwise—the amount notified to you by the Commissioner under paragraph 45-112(1)(a) as the amount of your instalment for that instalment quarter.

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Acceptable amount of an instalment

Item	If the *instalment quarter is:	The acceptable amount of your instalment for that instalment quarter is:
1	the third *instalment quarter in that income year	<p>the lower of:</p> <p>(a) the amount that the Commissioner notified to you under paragraph 45-112(1)(a) as the amount of your instalment for that *instalment quarter; and</p> <p>(b) 75% of your *benchmark tax for the income year (which the Commissioner works out under section 45-365).</p>
2	the fourth *instalment quarter in that income year	<p>the lower of:</p> <p>(a) the amount that the Commissioner <i>would have</i> notified to you under paragraph 45-112(1)(a) as the amount of your instalment for that *instalment quarter if the amounts of all your instalments for that income year had been required to be worked out under Subdivision 45-L; and</p> <p>(b) the amount worked out by subtracting:</p> <ul style="list-style-type: none"> • the *acceptable amount of your instalment for the earlier instalment quarter in that income year; <p>from:</p> <ul style="list-style-type: none"> • 100% of your *benchmark tax for the income year (which the Commissioner works out under section 45-365).

(3B) If:

- (a) you are a *quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax; and
- (b) the Commissioner first gives you an instalment rate during the second *instalment quarter in an income year;

the ***acceptable amount*** of your instalment for an instalment quarter in that income year is:

- (c) if the amount of the instalment is worked out under paragraph 45-112(1)(b) or (c)—the amount worked out using the table in this subsection (which can be a negative amount); or
 - (d) otherwise—the amount notified to you by the Commissioner under paragraph 45-112(1)(a) as the amount of your instalment for that instalment quarter.
-

Acceptable amount of an instalment

Item	If the *instalment quarter is:	The acceptable amount of your instalment for that instalment quarter is:
1	the third *instalment quarter in that income year	<p>the lower of:</p> <p>(a) the amount that the Commissioner notified to you under paragraph 45-112(1)(a) as the amount of your instalment for that *instalment quarter; and</p> <p>(b) 50% of your *benchmark tax for the income year (which the Commissioner works out under section 45-365).</p>
2	the fourth *instalment quarter in that income year	<p>the lower of:</p> <p>(a) the amount that the Commissioner <i>would have</i> notified to you under paragraph 45-112(1)(a) as the amount of your instalment for that *instalment quarter if the amounts of all your instalments for that income year had been required to be worked out under Subdivision 45-L; and</p> <p>(b) the amount worked out by subtracting:</p> <ul style="list-style-type: none"> • the *acceptable amount of your instalment for the earlier instalment quarter in that income year; <p>from:</p> <ul style="list-style-type: none"> • 75% of your *benchmark tax for the income year (which the Commissioner works out under section 45-365).

(3C) If:

- (a) you are a *quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax; and
- (b) the Commissioner first gives you an instalment rate during the third *instalment quarter in an income year;

the ***acceptable amount*** of your instalment for an instalment quarter in that income year is:

- (c) if the amount of the instalment is worked out under paragraph 45-112(1)(b) or (c)—the amount worked out using the table in this subsection (which can be a negative amount); or

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(d) otherwise—the amount notified to you by the Commissioner under paragraph 45-112(1)(a) as the amount of your instalment for that instalment quarter.

Acceptable amount of an instalment

Item	If the *instalment quarter is:	The acceptable amount of your instalment for that instalment quarter is:
1	the third *instalment quarter in that income year	the lower of: <ul style="list-style-type: none"> (a) the amount that the Commissioner notified to you under paragraph 45-112(1)(a) as the amount of your instalment for that *instalment quarter; and (b) 25% of your *benchmark tax for the income year (which the Commissioner works out under section 45-365).
2	the fourth *instalment quarter in that income year	the lower of: <ul style="list-style-type: none"> (a) the amount that the Commissioner <i>would have</i> notified to you under paragraph 45-112(1)(a) as the amount of your instalment for that *instalment quarter if the amounts of all your instalments for that income year had been required to be worked out under Subdivision 45-L; and (b) the amount worked out by subtracting: <ul style="list-style-type: none"> • the *acceptable amount of your instalment for the earlier instalment quarter in that income year; from: <ul style="list-style-type: none"> • 50% of your *benchmark tax for the income year (which the Commissioner works out under section 45-365).

(3D) If:

- (a) you are a *quarterly payer who pays 2 instalments annually on the basis of GDP-adjusted notional tax; and
- (b) the Commissioner first gives you an instalment rate during the fourth *instalment quarter in an income year;

the **acceptable amount** of your instalment for an instalment quarter in that income year is the lower of the following amounts:

- (c) the amount that the Commissioner notified to you under paragraph 45-112(1)(a) as the amount of your instalment for that instalment quarter;

(d) 25% of your ^{*}benchmark tax for the income year (which the Commissioner works out under section 45-365).

91 Subsection 45-450(1) in Schedule 1

Omit “(except Subdivision 45-D)”.

92 Subsection 45-450(1) in Schedule 1 (note)

Repeal the note.

93 Subsection 45-450(3) in Schedule 1

Omit “(except Subdivision 45-D)”.

94 Subsection 250-10(2) in Schedule 1 (table item 115)

Omit “45-60”, substitute “45-61”.

95 Application

- (1) The amendments made by this Part of this Schedule apply in respect of the 2001-2002 year of income and later years of income.
- (2) In addition, the amendments of the *Income Tax Assessment Act 1936* made by this Part of this Schedule apply in respect of an instalment quarter that is a transitional quarter within the meaning of item 49 of this Schedule.

Schedule 3—Deferral of due dates

Part 1—Amendments

Fringe Benefits Tax Assessment Act 1986

1 At the end of section 103 (before the note)

Add:

- (2) Despite subsection (1), and subject to this Division, if an employer is a deferred BAS payer on the day specified as the day on which an instalment is due and payable under subsection (1), that instalment is instead due and payable as specified in the following table:

When instalments of tax are due and payable		
Item	If subsection (2) applies to this instalment:	the instalment is due and payable on:
1	first instalment	28 July in that year of tax
2	second instalment	28 October in that year of tax
3	third instalment	28 February in that year of tax
4	fourth instalment	28 April in the next year of tax

2 Section 109 (definition of *GIC period*)

Repeal the definition, substitute:

GIC period, in relation to an instalment in relation to a year of tax, has the meaning given by the following table:

GIC period			
Item	For this instalment in that year of tax:	GIC period is this period if this instalment is due and payable under subsection 103(1):	GIC period is this period if this instalment is due and payable under subsection 103(2):
1	first instalment	the period starting at the beginning of 21 July, and finishing at the end of 20 October, in the year of tax	the period starting at the beginning of 28 July, and finishing at the end of 27 October, in the year of tax
2	second instalment	the period starting at the beginning of 21 October, and finishing at the end of 20 January, in the year of tax	the period starting at the beginning of 28 October, and finishing at the end of 27 February, in the year of tax
3	third instalment	the period starting at the beginning of 21 January in the year of tax and finishing at the end of 20 April in the next year of tax	the period starting at the beginning of 28 February in the year of tax and finishing at the end of 27 April in the next year of tax
4	fourth instalment	the period starting at the beginning of 21 April, and finishing at the end of 20 May, in the next year of tax	the period starting at the beginning of 28 April, and finishing at the end of 20 May, in the next year of tax

3 Subsection 110(5)

Omit “on the 21st day”.

4 Subsection 111(1)

Omit “on the 21st day”.

5 Subsection 111(2)

Omit “on the 21st day” (wherever occurring).

6 Subsection 112A(2)

Omit “on or before the 21st day”.

7 Subsection 136(1)

Insert:

deferred BAS payer has the same meaning as in subsection 995-1(1) in the *Income Tax Assessment Act 1997*.

8 Application

The amendments of the *Fringe Benefits Tax Assessment Act 1986* made by this Part apply, and are taken to have applied, in respect of instalments of fringe benefits tax that are due and payable on or after 1 April 2001.

Income Tax Assessment Act 1936

9 Paragraph 221AZKC(3)(b)

Omit “quarterly”.

10 Subsection 221AZKC(3) (table column heading)

Omit “quarterly”.

11 Subsection 221AZKC(3) (note)

Omit “quarterly”.

12 Subsection 221AZKC(5)

Omit “The first of the quarterly payments”, substitute “Subject to subsection (6), the first of the payments”.

13 Subsection 221AZKC(5) (note)

Repeal the note, substitute:

Note: The due date for the first payment is the same as for the taxpayer’s next quarterly instalment for the 2000-01 year of income under Division 45 in Schedule 1 to the *Taxation Administration Act 1953*. If the taxpayer’s year of income ends on 30 June 2000, the due date will be 21 January or 21 April 2001. However, the due date may be 28 April 2001 if subsection (6) applies.

14 Subsections 221AZKC(6) and (7)

Repeal the subsections, insert:

(6) If the taxpayer is a deferred BAS payer on the day on which the first of the payments would otherwise be due under paragraph (5)(a), that payment is due instead:

- (a) on the 28th day of month 19 for the 1999-2000 year of income unless all or a part of a December falls within month 18 for that year; or
 - (b) on the next 28 February if all or a part of a December falls within month 18 for that year.
- (7) If the taxpayer is a deferred BAS payer on the day on which the first of the payments would otherwise be due under paragraph (5)(b), that payment is due instead:
- (a) on the 28th day of month 22 for that year unless all or a part of a December falls within month 21 for that year; or
 - (b) on the next 28 February if all or a part of a December falls within month 21 for that year.
- (7A) Each of the remaining payments is due on the same day as when each subsequent notional PAYG quarterly instalment of the taxpayer would have been due, starting from the first notional PAYG quarterly instalment that would be due after the first of the payments under this section is due.

Note 1: The taxpayer may actually be liable to pay PAYG quarterly instalments on the same day as the day worked out under this subsection.

Note 2: If some or all of a payment under this section is not paid on time, the taxpayer is liable to pay the general interest charge on the unpaid amount: see section 221AZMAA.

- (7B) In subsection (7A), ***notional PAYG quarterly instalment of the taxpayer*** means each PAYG instalment that the taxpayer would have been liable to pay under Division 45 in Schedule 1 to the *Taxation Administration Act 1953* if the taxpayer had continued to be liable for 4 quarterly PAYG instalments each year (whether this is actually the case or not).

Example: The final instalment of KP Ltd is due on 1st March 2001. As a medium taxpayer, KP Ltd deferred 42% of its final liability to be repaid in 21 equal payments. On the 21st April 2001, KP Ltd is a deferred BAS payer and the first payment under this section is therefore due on 28 April 2001.

KP Ltd has an obligation to pay PAYG instalments for each quarter of an income year. Being a deferred BAS payer, its subsequent payments under this section are therefore due on the same days as its PAYG instalments are due: 28th July, 28th October, 28th February and 28th April of an income year.

KP Ltd's circumstances change in the 2003 income year and the Commissioner has withdrawn its instalment rate. As a result, it no

longer has a PAYG instalment obligation. However, it continues to meet the criteria for a deferred BAS payer (because it is not required to give a GST return for a monthly tax period). Its payments under this section therefore continue to be due on 28th July, 28th October, 28th February and 28th April of an income year.

15 Subsection 221AZKC(8)

Omit “Quarterly payments”, substitute “Payments under this section”.

16 At the end of section 221AZKC

Add:

- (9) In this section, *deferred BAS payer* has the same meaning as in subsection 995-1(1) in the *Income Tax Assessment Act 1997*.

17 Application

The amendments of the *Income Tax Assessment Act 1936* made by this Part apply, and are taken to have applied, in respect of instalments or payments that are due on or after 1 April 2001.

Income Tax Assessment Act 1997

18 Subsection 995-1(1)

Insert:

deferred BAS payer, at a particular time, means an entity that has an obligation to notify the Commissioner of a *BAS amount at that time, other than:

- (a) an entity that has an obligation at that time to give the Commissioner a *GST return for a monthly *tax period; or
- (b) an entity whose obligation to notify a BAS amount at that time relates only to one or more of the following:
 - (i) an *amount withheld by a *medium withholder or a *large withholder;
 - (ii) the *PAYG instalment of an *annual payer.

Note: You are therefore a deferred BAS payer if you have an obligation to give the Commissioner a GST return for a quarterly tax period or if you are a GST instalment payer within the meaning of the GST Act.

19 Application

The amendment of the *Income Tax Assessment Act 1997* made by this Part applies, and is taken to have applied, on or after 1 April 2001.

Taxation Administration Act 1953

20 Subsection 13-5(3) in Schedule 1

Repeal the subsection, substitute:

- (3) Subject to subsections (4) and (5), the *personal services entity must pay the amount to the Commissioner by the end of the 21st day after the end of the *PAYG payment period.

Note: A different rule applies for alienated personal services payments that large withholders and medium withholders make during the 2000-01 income year. See section 13-20.

- (4) If:
- (a) the *personal services entity is a *deferred BAS payer on the 21st day after the end of the *PAYG payment period; and
 - (b) the personal services entity's PAYG payment period is a *quarter;

the entity must pay that amount to the Commissioner as shown in the table:

Payments by *deferred BAS payers		
Item	If paragraph (4)(a) applies to the *quarter ending on:	the amount for this quarter must be paid by the end of:
1	30 September	the following 28 October
2	31 December	the following 28 February
3	31 March	the following 28 April
4	30 June	the following 28 July

- (5) If:
- (a) the *personal services entity is a *deferred BAS payer on the 21st day after the end of the *PAYG payment period; and
 - (b) the personal services entity's PAYG payment period is a month;
- the entity must pay that amount to the Commissioner:

- (c) by the end of the 28th day of the month following that period unless the PAYG payment period is a December; or
- (d) by the end of the 28th day of the next February if the PAYG payment period is a December.

21 Section 13-20 in Schedule 1

Omit “If”, substitute “Subject to subsection (2), if”.

22 At the end of section 13-20 in Schedule 1

Add:

- (2) If:
 - (a) the *personal services entity is a *deferred BAS payer on the 21st day after the end of the *quarter; and
 - (b) the quarter ends on 31st March or 30th June of 2001;the payment must be paid to the Commissioner by the end of the 28th day after the end of that quarter.

23 Subsection 16-75(2) in Schedule 1

Omit “A *medium”, substitute “Subject to subsection (2A), a *medium”.

24 After subsection 16-75(2) in Schedule 1

Insert:

- (2A) If a *medium withholder:
 - (a) withholds an amount during a month under Division 12; and
 - (b) is a *deferred BAS payer on the 21st day of the month (the *next month*) following that month;the medium withholder must pay that amount to the Commissioner by the end of the 28th day of:
 - (c) the next month unless the amount is withheld during December; or
 - (d) the next February if the amount is withheld during December.

25 Subsection 16-75(3) in Schedule 1

Omit “If a *small”, substitute “Subject to subsection (4), if a *small”.

26 After subsection 16-75(3) in Schedule 1

Insert:

(4) If a *small withholder:

- (a) withholds an amount under Division 12 during a month in a *quarter; and
- (b) is a *deferred BAS payer on the 21st day of the month after the end of that quarter;

the small withholder must pay that amount to the Commissioner as shown in the table:

Payments by *deferred BAS payers

Item	If the amount is withheld during the *quarter ending on:	the amount must be paid to the Commissioner by the end of:
1	30 September	the following 28 October
2	31 December	the following 28 February
3	31 March	the following 28 April
4	30 June	the following 28 July

27 Section 16-120 in Schedule 1

Omit “If”, substitute “Subject to subsection (2), if”.

28 At the end of section 16-120 in Schedule 1

Add:

(2) If:

- (a) the amount is withheld during March 2001 or June 2001; and
- (b) the entity is a *deferred BAS payer on the 21st day of the month (the *next month*) after the month in which that amount is withheld;

the entity must pay that amount to the Commissioner by the end of the 28th day of the next month.

29 Application

The amendments of the *Taxation Administration Act 1953* made by items 20 to 28 of this Schedule apply, and are taken to have applied, in respect of amounts that are required to be paid to the Commissioner on or after 1 April 2001.

30 After subsection 388-50(1) in Schedule 1

Insert:

- (1A) Despite subsection (1), a document that satisfies paragraphs (1)(a), (b) and (d) but not paragraph (1)(c) is also in the *approved form* if it contains the information required by the Commissioner. The Commissioner must specify the requirement in writing.

31 Paragraphs 388-75(2)(a) and (b) in Schedule 1

Repeal the paragraphs, substitute:

- (a) if the document so requires—a declaration made by you with your signature; and
- (b) if the document so requires—a declaration made by your agent with the agent's signature.

32 Application

The amendments of the *Taxation Administration Act 1953* made by items 30 and 31 of this Schedule apply, and are taken to have applied, in respect of returns, notices, statements, applications or other documents that are required to be given to the Commissioner under a taxation law on or after 1 April 2001.

Part 2—Transitional rules

33 Transitional rules for PAYG instalments

- (1) This item applies to an instalment quarter (the *transitional quarter*) in the 2000-2001 income year that ends on or after 1 March 2001.
 - (2) Subitem (3) applies to an entity whose income year ends on 30 June and subitem (4) applies to an entity whose income year ends on a day other than 30 June.
 - (3) Despite any other provisions, if:
 - (a) but for this item, subsection 45-60(1) in Schedule 1 to the *Taxation Administration Act 1953* as in force immediately before the commencement of Part 1 of Schedule 2 to this Act would have applied to an entity in relation to a transitional quarter that ends on 31 March 2001 or 30 June 2001; and
 - (b) the entity is a deferred BAS payer on the 21st day of the month after the end of that quarter;that instalment is instead due on or before the 28th day of the month after the end of that quarter.
 - (4) Despite any other provisions, if:
 - (a) but for this item, subsection 45-60(3) in Schedule 1 to the *Taxation Administration Act 1953* as in force immediately before the commencement of Part 1 of Schedule 2 to this Act would have applied to an entity in relation to a transitional quarter; and
 - (b) the entity is a deferred BAS payer on the 21st day of the month after the end of that quarter;that instalment is instead due on or before:
 - (c) the 28th day of the month after the end of that quarter unless all or a part of a December falls within the last month of that quarter; or
 - (d) if all or a part of a December falls within the last month of that quarter—the next 28 February.
 - (5) In this item:

deferred BAS payer has the same meaning as in subsection 995-1(1) of the *Income Tax Assessment Act 1997*.
-

Schedule 3 Deferral of due dates
Part 2 Transitional rules

instalment quarter has the same meaning as in subsection 995-1(1) of the *Income Tax Assessment Act 1997*.

Part 3—Weekends and public holidays

Income Tax Assessment Act 1997

34 Subsection 995-1(1)

Insert:

business day means a day other than:

- (a) a Saturday or a Sunday; or
- (b) a day which is a public holiday for the whole of:
 - (i) any State; or
 - (ii) the Australian Capital Territory; or
 - (iii) the Northern Territory.

Taxation Administration Act 1953

35 After section 8AAZMA

Insert:

8AAZMB Saturdays, Sundays and public holidays

- (1) Where, apart from this section, an amount in respect of a tax debt is due and payable by, or on, a day (the ***payment day***) that is not a business day, the payment is due and payable on the first business day after the payment day.
- (2) In this section:

business day means a day other than:

- (a) a Saturday or a Sunday; or
- (b) a day which is a public holiday for the whole of:
 - (i) any State; or
 - (ii) the Australian Capital Territory; or
 - (iii) the Northern Territory.

tax debt does not include general interest charge.

36 After section 388-50 in Schedule 1

Insert:

388-52 Saturdays, Sundays and public holidays

Where an *approved form is required to be given to the Commissioner or to another entity by, or on, a day (the *lodgment day*) that is not a *business day, the approved form may be given on the first business day after the lodgment day.

Schedule 4—Amendments relating to Treasury Note yield rate and general interest charge

Part 1—Amendment of the Taxation Administration Act 1953

Taxation Administration Act 1953

1 Section 8AAD

Repeal the section, substitute:

8AAD What is the *general interest charge rate*?

- (1) The *general interest charge rate* for a day is the rate worked out by adding 7 percentage points to the base interest rate for that day, and dividing that total by the number of days in the calendar year.
- (2) The *base interest rate* for a day depends on which quarter of the year the day is in. For each day in a quarter in the second column of the table, it is the monthly average yield of 90-day Bank Accepted Bills published by the Reserve Bank of Australia for the month in the third column of the table.

Base interest rate		
Item	For days in this quarter...	the monthly average yield of 90-day Bank Accepted Bills for this month applies...
1	1 January to 31 March	the preceding November
2	1 April to 30 June	the preceding February
3	1 July to 30 September	the preceding May
4	1 October to 31 December	the preceding August

- (3) If the monthly average yield of 90-day Bank Accepted Bills for a particular month in the third column of the table in subsection (2) is not published by the Reserve Bank of Australia before the beginning of the relevant quarter, assume that it is the same as the

Schedule 4 Amendments relating to Treasury Note yield rate and general interest charge

Part 1 Amendment of the Taxation Administration Act 1953

last monthly average yield of 90-day Bank Accepted Bills published by the Reserve Bank of Australia before that month.

- (4) The base interest rate must be rounded to the second decimal place (rounding .005 upwards).

Part 2—Consequential amendments of other Acts

Diesel and Alternative Fuels Grants Scheme Act 1999

2 Subsection 16B(3) (method statement, step 4)

Omit “Treasury Note yield rate”, substitute “the base interest rate”.

3 Subsection 16B(4) (definition of *Treasury Note yield rate*)

Repeal the definition.

4 Subsection 16B(4)

Insert:

base interest rate for a day has the same meaning as in section 8AAD of the *Taxation Administration Act 1953*.

Income Tax Assessment Act 1936

5 Subsection 214A(1)

Repeal the subsection, substitute:

(1) In this section:

base interest rate has the meaning given by section 8AAD of the *Taxation Administration Act 1953*.

6 Subsection 214A(2)

Omit “Treasury Note yield rate”, substitute “base interest rate”.

Product Grants and Benefits Administration Act 2000

7 Subsection 24A(3) (method statement, step 4)

Omit “Treasury Note yield rate”, substitute “the base interest rate”.

8 Subsection 24A(4) (definition of *Treasury Note yield rate*)

Repeal the definition.

9 Subsection 24A(4)

Schedule 4 Amendments relating to Treasury Note yield rate and general interest charge

Part 2 Consequential amendments of other Acts

Insert:

base interest rate for a day has the same meaning as in section 8AAD of the *Taxation Administration Act 1953*.

Part 3—Application

10 Application

The amendments made by this Schedule apply to each day of each quarter mentioned in subsection 8AAD(2) of the *Taxation Administration Act 1953* (as amended) where the quarter begins on or after the day on which this Act receives the Royal Assent.

Schedule 5—Technical amendments

Taxation Administration Act 1953

1 Subsection 45-30(2) in Schedule 1

After “45-215”, insert “or 45-420”.

2 Subsection 45-30(2) in Schedule 1 (note)

Repeal the note.

3 Application of amendments

The amendments made by items 1 and 2 apply in relation to assessments for the 2000-2001 income year and later income years.

*[Minister’s second reading speech made in—
House of Representatives on 5 April 2001
Senate on 25 June 2001]*

(68/01)