

SOUTH AUSTRALIA



RevenueSA

Taxation Administration

Circular No. 175

TAXATION LIABILITIES AND YEAR 2000 (Y2K)

By now you should be aware of the so-called "Millennium Bug", the name given to computer applications which may generate errors when dates beyond 31 December 1999 are encountered.

The Millennium Bug poses a threat to the activities of every South Australian business, including their ability to meet their obligations under the taxation laws administered by RevenueSA.

Businesses may be effected through problems in their own systems or indirectly through problems in their suppliers or other business systems.

Taxpayers should be aware of Year 2000 compliance issues and ensure that they can fulfil their obligations under the taxation laws.

The purpose of this Circular is to remind taxpayers of their obligations under the *Taxation Administration Act 1996* (TAA).

FAILURE TO LODGE RETURNS AND MAKE PAYMENTS

It is the taxpayer's responsibility to ensure that their systems will operate beyond 31 December 1999 to enable them to lodge returns and make payment(s) of their tax liabilities by the due date. (A failure to lodge a return or maintain records constitutes an offence - maximum penalty \$10,000)

Where a taxpayer fails to pay all or part of the tax due, a tax default occurs. Should any Year 2000 problems result in a tax default, the taxpayer will be liable to pay interest on the amount of tax unpaid. Interest is calculated on a daily basis from the end of the last day for payment until the day it is paid at the applicable interest rate. Interest will not be remitted with respect to tax defaults arising from Year 2000 problems.

Penalties may also be applied to the tax default if it occurs as a result of a taxpayer failing to take reasonable care to address Year 2000 compliance issues. Penalty will not be remitted with respect to tax defaults arising from Year 2000 problems.

RECORD KEEPING REQUIREMENTS

Pursuant to the provisions of the Act, taxpayers have an obligation to keep all records necessary to facilitate an accurate assessment of tax liability. It is critical that taxpayers maintain the necessary records prior to and following 31 December 1999. The Act requires that these records are kept for up to five years. These records need to be kept in a way so that they may be readily produced to the Commissioner. Taxpayers should pay particular attention to the Year 2000 compliance of systems currently in use and consider their capacity to provide alternative sources of records in the event that systems fail.

(Failure to comply with any of the above requirements constitutes an offence – maximum penalty \$10,000)

YEAR 2000 COMPLIANCE INFORMATION

Taxpayers should attend to Year 2000 compliance matters as a priority.

Further information on Year 2000 compliance can be obtained from the Business Centre, 145 South Terrace, Adelaide 5000, the SA Millennium Bug Hotline 1800 112 000 or visit the web site on www.sa.gov.au/agencies/dits/year2000/intro.htm

CONTINGENCY STRATEGIES

It is the taxpayer's responsibility to develop contingency plans to ensure their compliance with taxation obligations following 31 December 1999.

If a taxpayer believes he or she may be unable to meet their obligations following 31 December 1999, they are advised to contact this Office as soon as possible to discuss payment on an estimate of liability or by other agreed alternatives.

FURTHER INFORMATION

Location

RevenueSA
Revenue Services
Level 1
State Administration Centre
200 Victoria Square East
ADELAIDE SA 5000

Postal

Commissioner of State Taxation
RevenueSA
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ADELAIDE SA 5001

Telephone

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(08) 8226 3805

Website

<http://www.treasury.sa.gov.au/tax.html>

28 October 1998

COMMISSIONER OF STATE TAXATION

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