

**SOUTH AUSTRALIA**



**RevenueSA**

**Financial Institutions Duty**

**Circular No. 180**

**LIABILITY TO FINANCIAL INSTITUTIONS DUTY  
USE OF A FINANCIAL INSTITUTION TO TRANSMIT MONEY  
OUT OF THE STATE**

**BACKGROUND**

Where a financial institution receives money for the credit of an account in another jurisdiction, either interstate or elsewhere, "out of State transfers", it will, in most cases, have a receipt which attracts Financial Institutions Duty (FID) in South Australia. Exceptions (ie receipts deemed non-dutiable) are outlined in Circular No 42 (formerly FID Circular No 4), issued 26 May 1992.

RevenueSA, through its compliance monitoring programs, is aware that a number of financial institutions have operated FID management systems that did not adequately report liability in respect of these transfers.

As a result, some financial institutions may have understated the amount of dutiable receipts declared and hence may have an outstanding FID liability.

During the current financial year (1998/1999), RevenueSA intends to conduct audits of financial institutions to ensure that correct FID has been paid in respect of out of State transfers.

These audits will examine liabilities arising from 1 December 1993.

**VOLUNTARY DISCLOSURE**

Financial institutions are therefore invited to examine their records and management systems in respect of this matter, and declare fully any underpayment to RevenueSA by close of business 31 March 1999.

If a full declaration of liability is received by that time, any penalty tax pursuant to the *Taxation Administration Act 1996* (TAA) that may be payable in respect of that liability will be remitted in full.

Similarly, interest payable pursuant to the TAA will be remitted to a rate that equates to an interest charge of 6% per annum.

Some financial institutions may have implemented new FID management systems in recent years. Notwithstanding that the current system might now be fully compliant, RevenueSA will seek to recover any underpayment that occurred after 1 December 1993.

### **COMPROMISE ASSESSMENT**

Should a financial institution recognise that it has underpaid FID on out of State transfers but experience significant difficulty in accurately determining any liability, contact should be made with this Office outlining a proposal on which an estimate of liability can be made and a compromise assessment (pursuant to Part 6 of the TAA) considered.

### **FUTURE AUDIT ACTIVITY**

Any underpayments detected during audits conducted after 31 March 1999 will be subject to the full penalty tax and interest provisions of the TAA, including those provided in the Transitional Provisions Schedule of that Act.

### **FURTHER INFORMATION**

#### ***Location***

RevenueSA  
Compliance Services  
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#### ***Postal***

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#### ***Website***

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

7 December 1998

COMMISSIONER OF STATE TAXATION