

**SOUTH AUSTRALIA**



**STATE TAXATION OFFICE**

**Pay-roll Tax  
69**

**Circular No.**

**REMISSION OR REDUCTION OF ADDITIONAL TAX**

**INTRODUCTION**

This circular provides guidelines for the exercise of the Commissioner's discretion to remit or reduce additional tax imposed by the Pay-roll Tax Act, 1971. These guidelines replace all previous information on the subject and are to be applied from 1 March, 1993.

**1 REGISTERED EMPLOYERS**

**1.1.1 Failure to Lodge Return - Default Assessment and Additional Tax**

Where an employer fails or neglects to lodge any return, as required, the Commissioner will cause a "default assessment" to be issued. Pay-roll tax resulting from the default assessment will be calculated on the amount of estimated wages which in the Commissioner's judgment reflects the average wages likely to be paid or payable by the employer for the return period.

Where a default assessment is issued a liability for additional tax, not exceeding 200% of the tax payable, is incurred in accordance with Section 20(5) of the Act.

The Commissioner's discretion to reduce the additional tax will (unless particular circumstances warranting a higher rate exist) be exercised as follows:-

First Offence - 10% of the assessed tax;

subsequent offences within a twelve month period,

Second Offence	- 20% of the assessed tax;
Third Offence	- 30% of the assessed tax;
Fourth Offence	- 40% of the assessed tax;
Further Offences	- at least 50% but no more than 200% of the assessed tax.

### **1.1.2 Amended or Further Assessment**

The Commissioner is not empowered to reduce an assessment after it has been made.

Accordingly, the Commissioner cannot withdraw an assessment where the actual wages are less than estimated wages, notwithstanding that a return is lodged or wage details are advised after the issue of a default assessment.

However, if the Commissioner's assessment of wages is insufficient, a further assessment may be made to enable recovery of underpaid pay-roll tax.

## **1.2 Incorrect Returns**

Where an employer lodges a return in which the taxable wages are not fully disclosed the Commissioner may assess the amount of wages upon which pay-roll tax ought to have been calculated and recover the further tax found to be payable.

In these circumstances additional tax, not exceeding 200% of the further tax payable, is incurred in accordance with Section 20(5) of the Act.

The Commissioner's discretion to reduce the additional tax will (where the omission is not the result of an attempt to evade pay-roll tax) be exercised as follows:-

### **1.2.1 Enforced Disclosures**

Where the underdisclosure of taxable wages is discovered through a compliance audit conducted by this Office and the return period to which the assessment relates:-

- (a) is within the current financial year - 10% of the further tax assessed;
- (b) falls beyond the current financial year - 20% of the further tax assessed, increasing by 10% for each subsequent financial year to a maximum rate of 50% of the further tax assessed.

### **1.2.2 Voluntary Disclosures**

Where the Commissioner is voluntarily advised by the employer of an underdisclosure of taxable wages and the return period to which the assessment relates:-

- (a) is within the current financial year - no additional tax will be assessed;
- (b) falls beyond the current financial year - 10% of the further tax assessed, increasing by 10% for each subsequent financial year to a maximum rate of 50% of the further tax assessed.

### **1.3 Late Lodgement of Returns/Late Payment of Tax - Penal Tax**

Pay-roll tax returns are due to be lodged and tax paid to this Office within seven days after the close of each month unless an extension of time has been granted.

Where returns and tax are lodged after the due date, but before the issue of a "default assessment", penal tax may be levied in accordance with Section 25 of the Act.

Penal tax may also be levied where any payment due on an assessment is paid later than the due date specified in the Notice of Assessment.

For details of penal tax rates refer to Circular No. 70.

## **2 EMPLOYERS LIABLE TO REGISTER**

### **2.1 Late Registration - Issue of Retrospective Assessments**

An employer (whether or not as a group member) is liable to apply for registration and lodge returns and payments of tax within seven days after the close of the month in which taxable wages are first paid or payable in South Australia.

Where late registration occurs, assessments will be issued for all periods in which a tax liability exists prior to the receipt of the registration application.

In these circumstances additional tax, not exceeding 200% of the further tax payable, is incurred in accordance with Section 20(5) of the Act.

The Commissioner's discretion to reduce the additional tax will (where the omission is not the result of an attempt to evade pay-roll tax) be exercised as follows:-

#### **2.1.1 Enforced Disclosures**

Where failure to register and lodge returns is determined as a result of a compliance investigation conducted by this Office and the return period to which the assessment relates:-

- (a) is within the current financial year - 10% of the further tax assessed;
- (b) falls beyond the current financial year - 20% of the further tax assessed, increasing by 10% for each subsequent financial year to a maximum rate of 50% of the further tax assessed.

### **2.1.2 Voluntary Disclosures**

Where the employer voluntarily seeks late registration and the return period to which the assessment relates:-

- (a) is within the current financial year - no additional tax will be assessed;
- (b) falls beyond the current financial year - 10% of the further tax assessed, increasing by 10% for each subsequent financial year to a maximum rate of 50% of the further tax assessed.

## **3 FURTHER REMISSION OR REDUCTION OF ADDITIONAL TAX**

Additional tax and penalties generally are imposed to gain compliance with the provisions of the Act.

The remission of additional tax from 200% of the assessed tax to the rates shown in these guidelines represents significant reductions in the amount of additional tax which would otherwise be payable.

It is acknowledged, however, that from time to time there will be cases where the particular circumstances warrant special consideration for further remission of additional tax.

All requests for reductions outside of these guidelines are to be made in writing.