

SOUTH AUSTRALIA



STATE TAXATION OFFICE

Pay-roll Tax

Circular No. 70

REMISSION OR REDUCTION OF PENAL TAX

INTRODUCTION

This circular provides guidelines for the exercise of the Commissioner's discretion to remit or reduce penal 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.

MAXIMUM PENAL TAX LEVIED BY THE ACT

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:-

- (a) any payment is made later than the due date specified in the Notice of Assessment;
- (b) any payment due under an approved instalment scheme is made later than the date specified on the instalment payment advice.

Where a late payment is made the maximum late payment penalty provided by Section 25 of the Act is, where the payment is made:-

1. on or before the 14th day after the due date - 10% per annum of the tax paid;
2. after 14 days but within 1 month of the due date - 10% of the tax paid;
3. after 1 month but within 2 months of the due date - 25% of the tax paid;
4. after 2 months of the due date - 100% of the tax paid.

REMISSION OF PENAL TAX

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

Where a payment is made:-

1. on or before the 14th day after the due date - 5% per annum of the tax paid;
2. after the 14th day but within 1 month of the due date - 5% of the tax paid;
3. after 1 month but within 2 months of the due date - 10% of the tax paid;
4. after two months but within 4 months of the due date - 20% of the tax paid.

Circumstances, to be considered on a case by case basis, warranting a higher rate of penal tax will include:-

- receipt of tax payments more than 4 months after the due date;
- repeat occurrences of late lodgement of returns and/or tax payments within any six months period;
- receipt of tax payments after the commencement of, or as a result of recovery action; and
- any other circumstances resulting in undue or persistent delays in remitting tax payments.

FURTHER REMISSION OR REDUCTION OF PENAL TAX

The remission of penal tax to the rates shown in these guidelines represents significant reductions in the amount of penal 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 penal tax.

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

4 February, 1993

COMMISSIONER OF STAMPS

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