



# *Income Tax Act 2010*

## Transitional Rules



***Agenda***

Prior year basis

Cessation

Payment dates

Commencement

Self employed

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*Prior year basis*

**1**

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# ***The 1952 Act***

Tax year runs from 1 July to 30 June

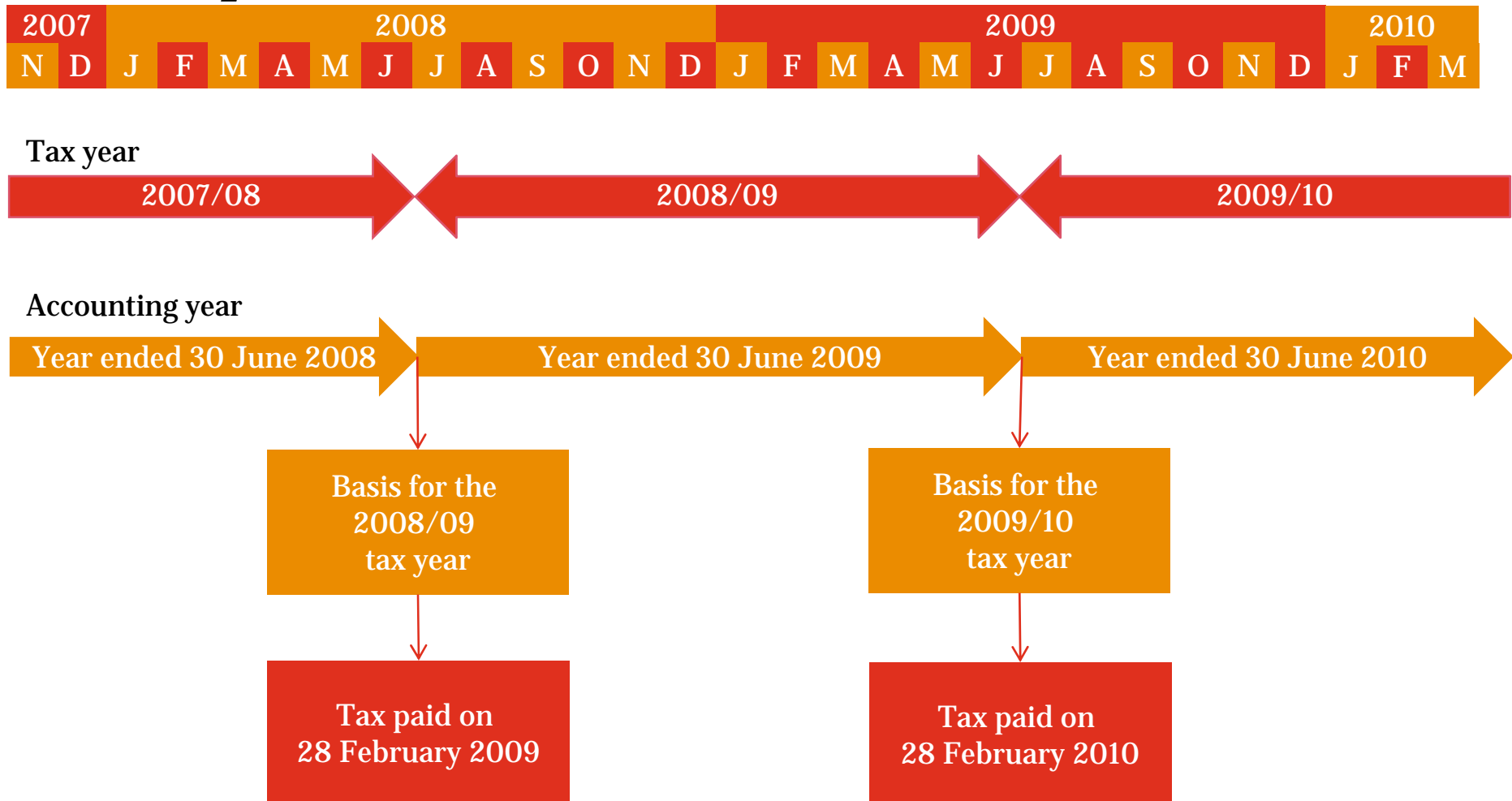
Accounts prepared at the year end

Company taxed on a prior year basis

Tax paid on 28 February

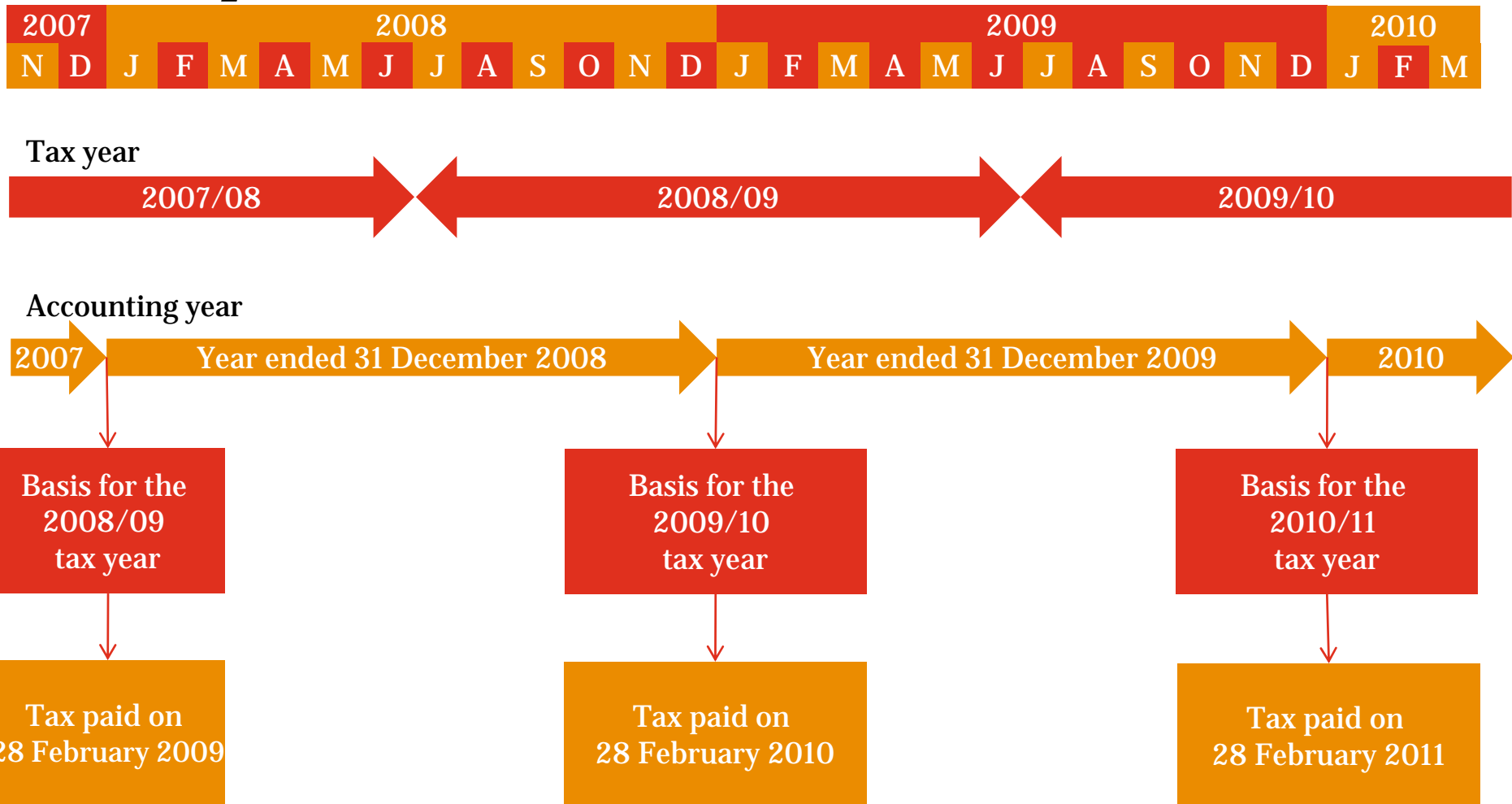
# ***Prior Year Basis***

## ***Example 1 - June***



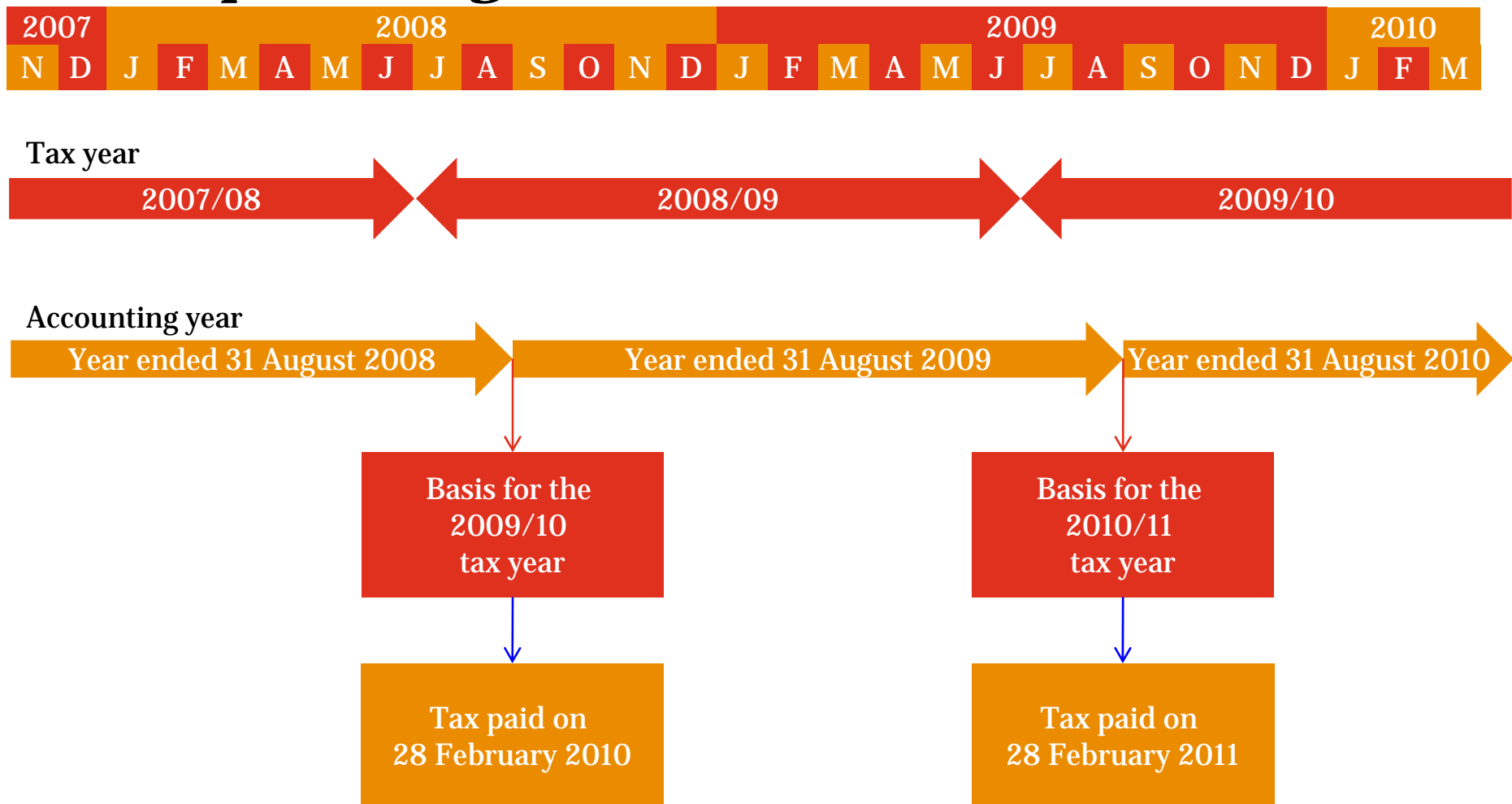
# ***Prior year basis***

## ***Example 2 - December***



# Prior year basis

## Example 3 - August



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# *Cessation*

# 2

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## ***Cessation***

### ***Example 1 - June***

Year ended	Tax Year	Payment date
30 June 2008	2008/2009	28 February 2009
30 June 2009	2009/2010	28 February 2010
30 June 2010	2010/2011	28 February 2011

**Cessation 6 months to 31 December 2010**

**2010/2011**

**28 February 2011**

**Higher of penultimate (1 July 2009 to 30 June 2010) or pre-penultimate (1 July 2008 to 30 June 2009)**

**2009/2010**

**28 February 2010**

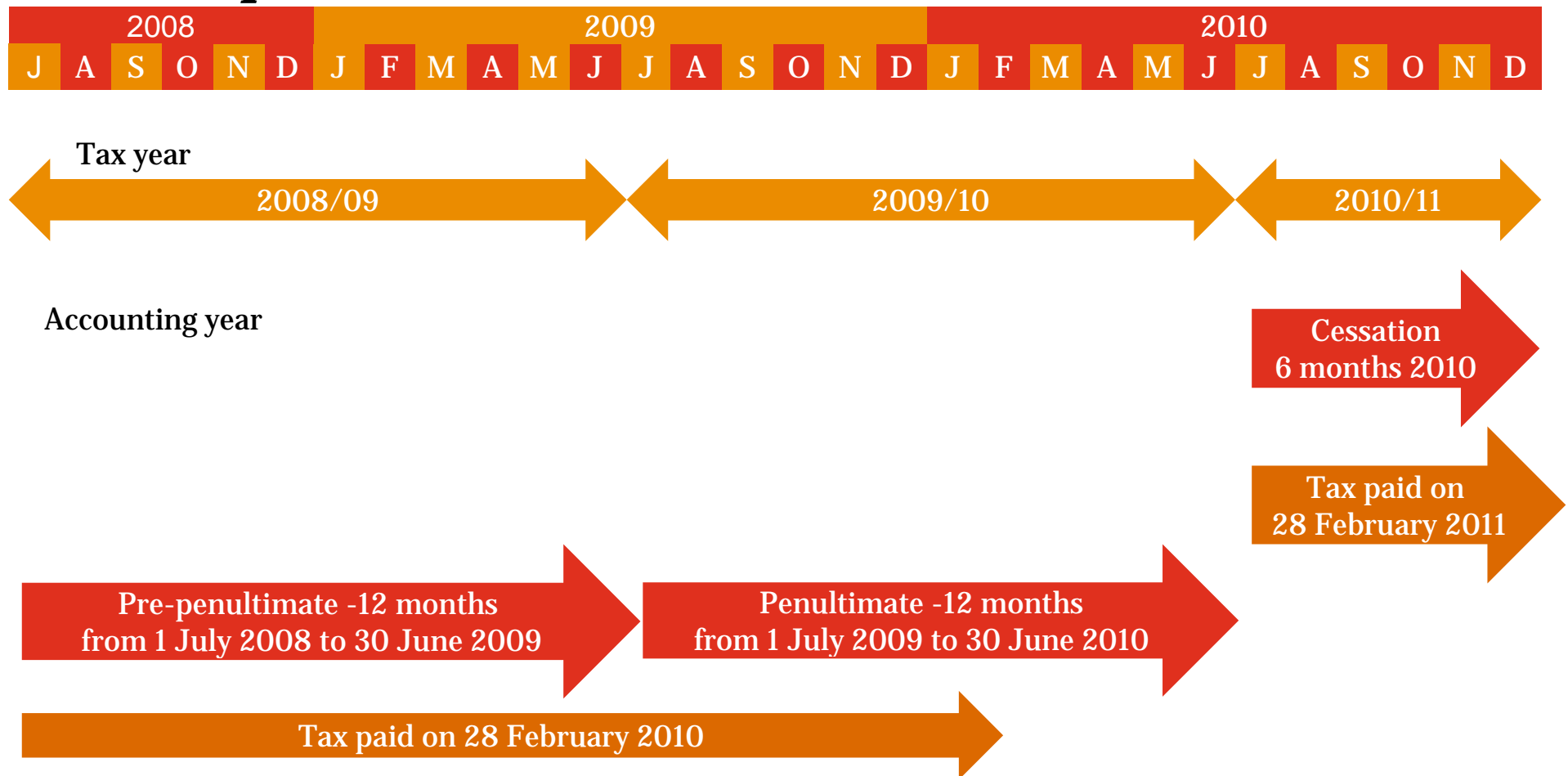
**30 June 2008**

**2008/2009**

**28 February 2009**

# Cessation

## Example 1 - June



Year ended 30 June 2008 on a prior year basis therefore no change

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## ***Cessation***

### ***Example 2 - December***

Year ended	Tax Year	Payment date
31 December 2007	2008/2009	28 February 2009
31 December 2008	2009/2010	28 February 2010
31 December 2009	2010/2011	28 February 2011
31 December 2010	2011/2012	28 February 2012

**Cessation 6 months to 31 December 2010**

**2010/2011**

**28 February 2011**

**Higher of penultimate (1 July 2009 to 30 June 2010) or  
pre-penultimate (1 July 2008 to 30 June 2009)**

**2009/2010**

**28 February 2010**

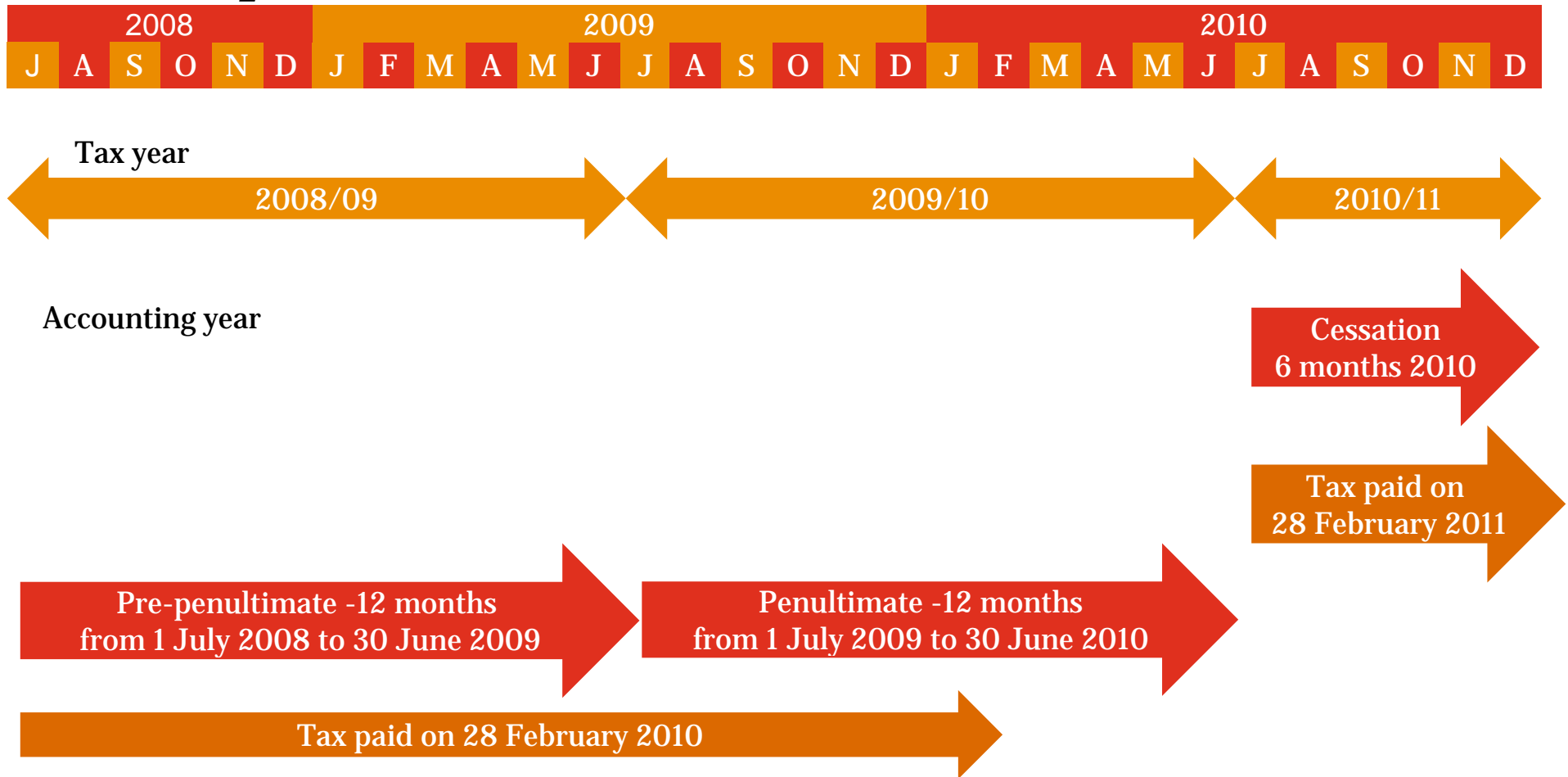
**31 December 2007**

**2008/2009**

**28 February 2009**

# Cessation

## Example 2 - December



Year ended 31 December 2007 on a prior year basis therefore no change

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## ***Cessation***

### ***Example 3 - August***

Year ended	Tax Year	Payment date
31 August 2007	2008/2009	28 February 2009
31 August 2008	2009/2010	28 February 2010
31 August 2009	2010/2011	28 February 2011
31 August 2010	2011/2012	28 February 2012

**Cessation 6 months to 31 December 2010**

**2010/2011**

**28 February 2011**

**Higher of penultimate (1 July 2009 to 30 June 2010) or pre-penultimate (1 July 2008 to 30 June 2009)**

**2009/2010**

**28 February 2010**

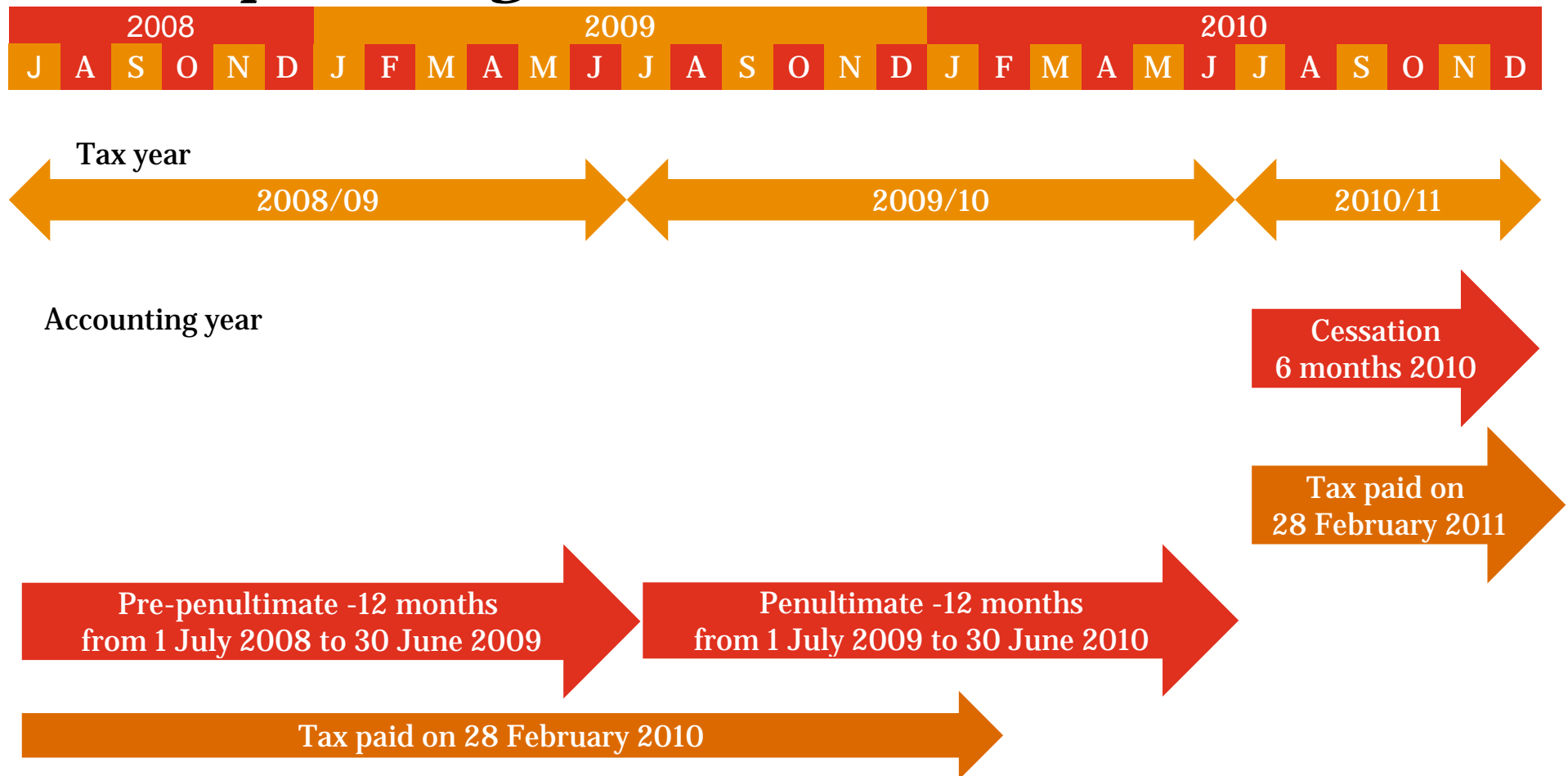
**31 August 2007**

**2008/2009**

**28 February 2009**

# Cessation

## Example 3 - August



Year ended 31 August 2007 on a prior year basis therefore no change

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# *Payment dates*

# 3

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***Sections 39 (1) and 39 (4)***

39.(1) ... the taxation for any ... accounting period shall be due and payable ... no later than 6 months after the end of the month in which the accounting period falls.

39.(4) *the ... payment on account ... shall be made on or before 28 February and 31 August in each calendar year... in two equal instalments ... which shall be set off against the tax due for that accounting period ...*

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# ***Payment dates***

28 February

31 August

6 months after the year end

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## ***Payment dates***

**First payment date under the 2010 Act will be 31 August 2011**

**This is because the 28 February 2011 payment date is the payment date for the tax year 2010/11 being 6 months for the cessation under the 1952 Act and 6 months for commencement under the 2010 Act**

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## ***Schedule 9 Part II***

Any assessment made under the Previous Act for the year from 1 July 2010 to 30 June 2011 shall be deemed to be -

- an estimate of the profits due for assessment in the period from 1 July 2010 to 31 December 2010 under the Previous Act and
- an estimate of the payment due for the period 1 January 2011 to 30 June 2011 for the purposes of this Act

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***Sections 39 (4) (b)***

**39.(4)** The payment on account ... shall be in two equal instalments of 50% of the tax payable for the last accounting period the due and payable date for which ends before the 28th February for which the first payment on account of the year is due.

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***Sections 39 (4) (b)***

The earliest accounting period with a due and payable date which ends before 28 February is a 31 July year end

- 31 July year end has a due a payable date of 31 January which falls before 28 February
- 31 August year end has a due and payable date of 28 February which does not fall before 28 February

## ***Sections 39 (4) (b)***

<b>Year end</b>	<b>1<sup>st</sup> payment</b>	<b>2<sup>nd</sup> payment</b>	<b>Due date</b>
31 July 2012	31 August 2011	28 February 2012	31 January 2013
30 June 2012	31 August 2011	28 February 2012	31 December 2012
31 May 2012	31 August 2011	28 February 2012	30 November 2012
30 April 2012	31 August 2011	28 February 2012	31 October 2012
31 March 2012	31 August 2011	28 February 2012	30 September 2012
28 February 2012	31 August 2011	28 February 2012	31 August 2012
31 January 2012	<del>28 February 2011</del>	31 August 2011	31 July 2012
31 December 2011	<del>28 February 2011</del>	31 August 2011	30 June 2012
30 November 2011	<del>28 February 2011</del>	31 August 2011	31 May 2012
31 October 2011	<del>28 February 2011</del>	31 August 2011	30 April 2012
30 September 2011	<del>28 February 2011</del>	31 August 2011	31 March 2012
31 August 2011	<del>28 February 2011</del>	31 August 2011	28 February 2012

## ***Sections 39 (4) (b)***

<b>Year end</b>	<b>1<sup>st</sup> payment</b>	<b>2<sup>nd</sup> payment</b>	<b>Due date</b>
31 October 2012	28 February 2012	31 August 2012	30 April 2013
30 September 2012	28 February 2012	31 August 2012	31 March 2013
31 August 2012	28 February 2012	31 August 2012	28 February 2013
31 July 2012	31 August 2011	28 February 2012	31 January 2013
30 June 2012	31 August 2011	28 February 2012	31 December 2012
...	...	...	...
...	...	...	...
30 September 2011	<del>28 February 2011</del>	31 August 2011	31 March 2012
31 August 2011	<del>28 February 2011</del>	31 August 2011	28 February 2012
31 July 2011	<del>31 August 2010</del>	<del>28 February 2011</del>	31 January 2013
30 June 2011	<del>31 August 2010</del>	<del>28 February 2011</del>	31 December 2012
31 May 2011	<del>31 August 2010</del>	<del>28 February 2011</del>	30 November 2012

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# ***Tax Exempt Companies***

First payment date under the 2010 Act will be 31 August 2011 based on the 2010 or 2011 year end accounts

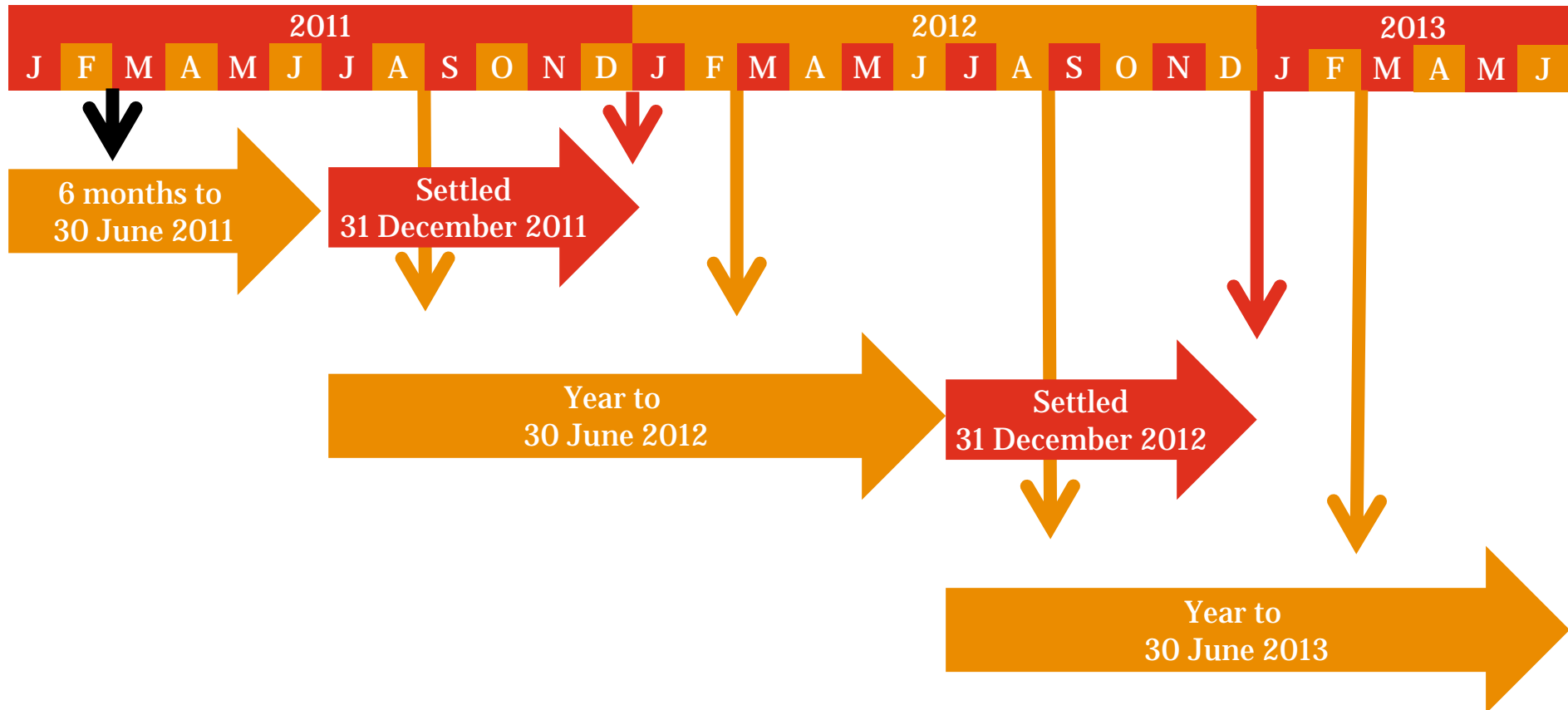
BUT Tax Exempt Companies have not previously filed accounts with the Tax Office so they will need to “consult” with the Commissioner

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# *Commencement*

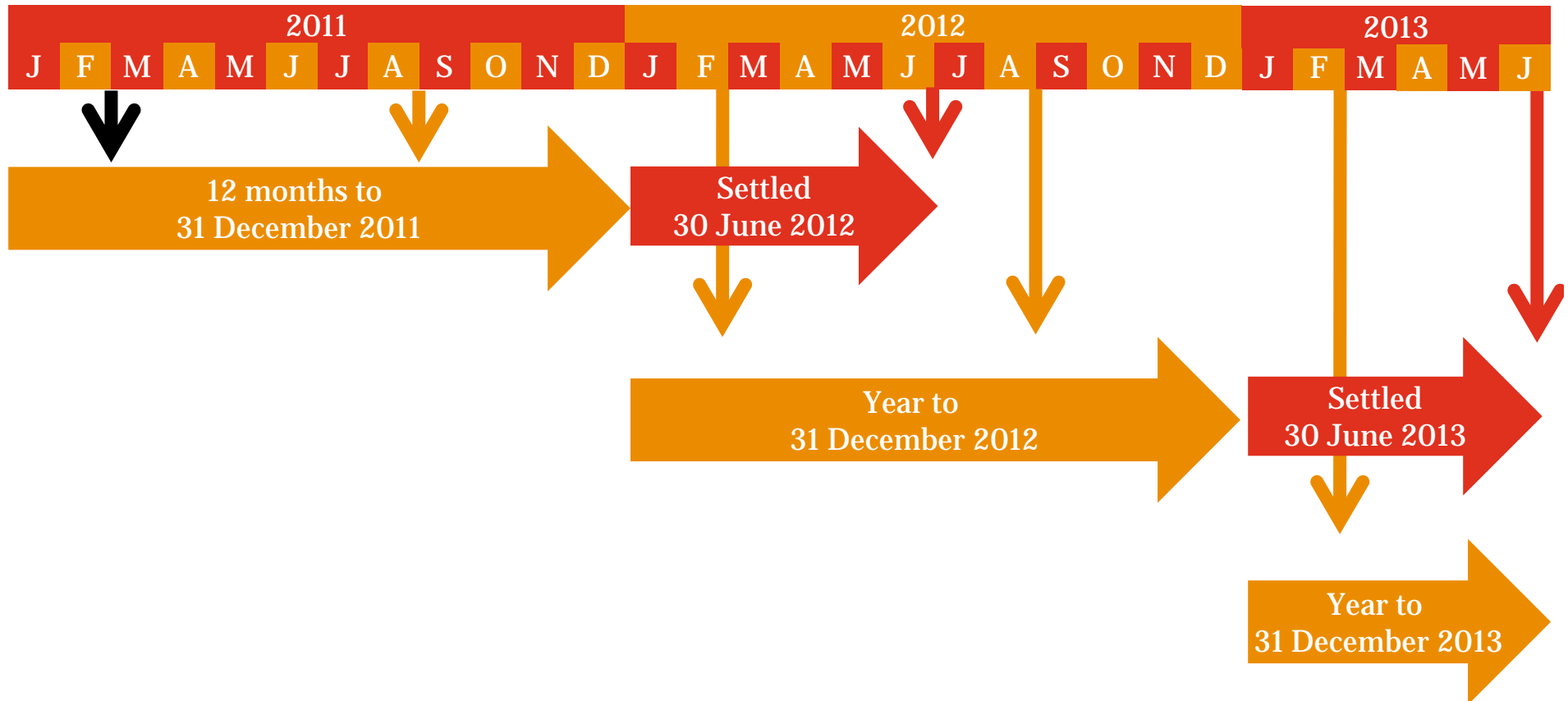
# 4

# ***Commencement Example 1 - June***



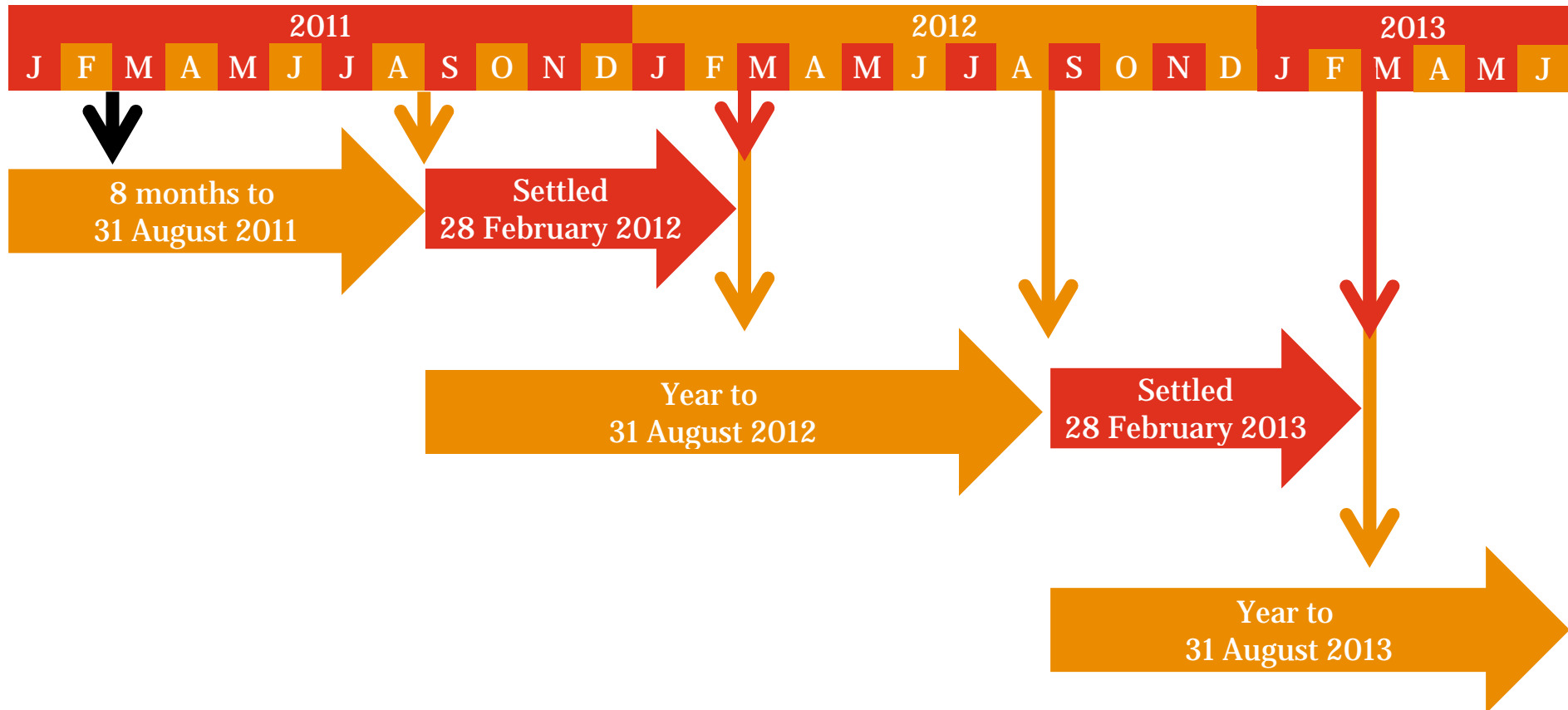
# ***Commencement***

## ***Example 2 - December***



# ***Commencement***

## ***Example 3 - August***



# Commencement

28/2/11

31/1/11

## THE TABLE

Year Ended	1st Jan to 31st Jan	1 Feb to 28/29th Feb	1st Mar to 31st Mar	1st April to 30th April	1st May to 31st May	1st June to 30th June	1st July to 31st July	1st Aug to 31st Aug	1st Sept to 30th Sept	1st Oct to 31st Oct	1st Nov to 30th Nov	1st Dec to 31st Dec
28/02/2011	As assessed	as assessed	as assessed	as assessed	as assessed	as assessed	as assessed	as assessed	as assessed	as assessed	as assessed	as assessed
31/08/2011	31/1/10	28/2/10	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
28/02/2012	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
31/08/2012	31/1/11	28/2/11	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%

All references to computing payments on account are to be estimated based on the profits for a 12 month period ending on the respective accounting dates.

31/1/12

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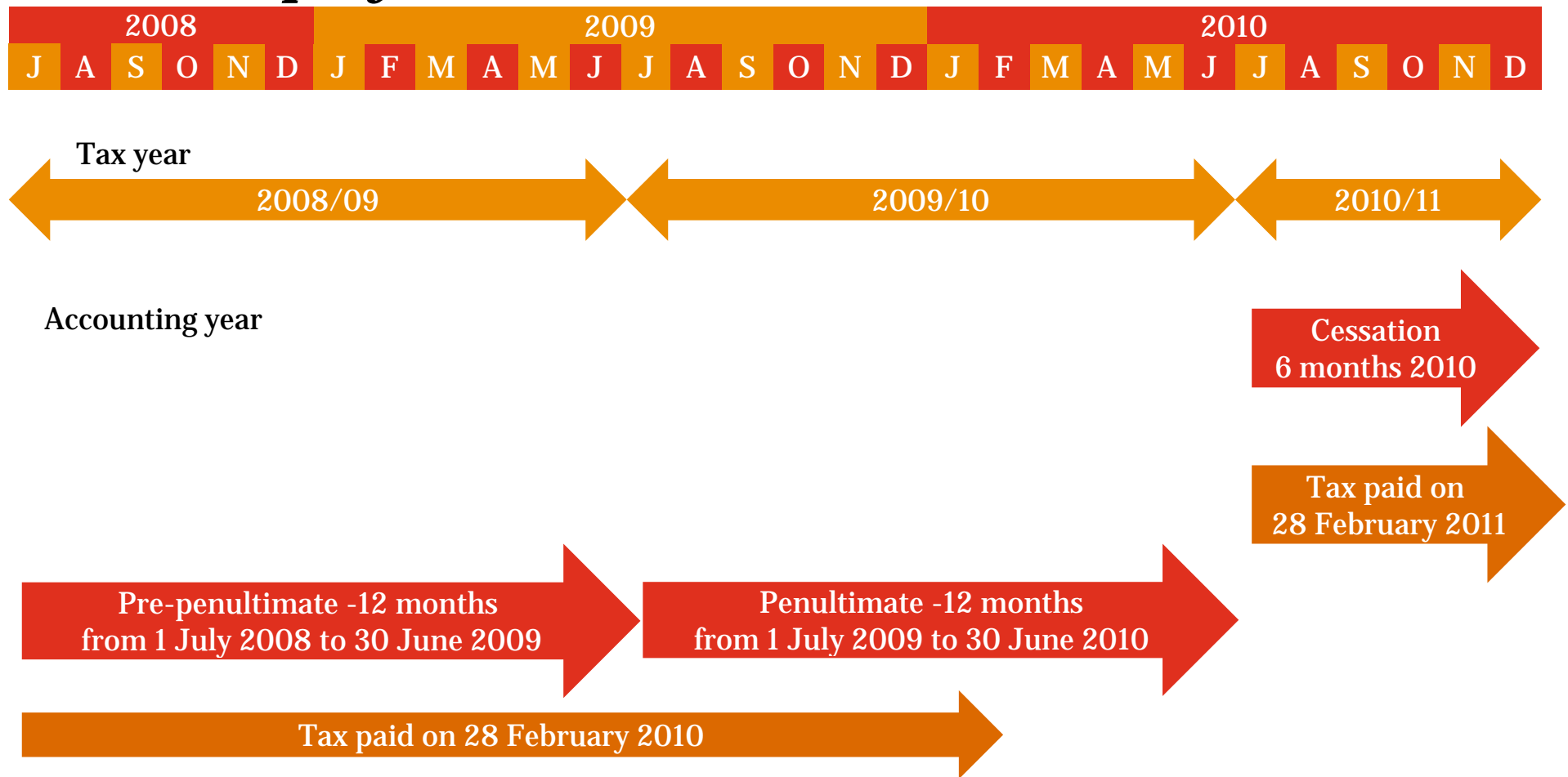
28/2/12

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# *Self employed*

# 5

# Cessation Self employed - June



Any year ended prior to 30 June 2008 would fall into the prior year basis therefore no change

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***Self employed, partners and trusts***  
***Sections 39 (1) and 39 (3)***

39.(1) ... the taxation for any year of assessment ... shall be due and payable ... no later than 30 November in the year following the year of assessment .

39.(3) The *advance tax* payments ... shall be made on or before 31st December and 30th June in the year of assessment and shall be set off against the amount to be paid on the submission of the return ...

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***Self employed, partners and trusts***  
***Sections 39 (1) and 39 (3)***

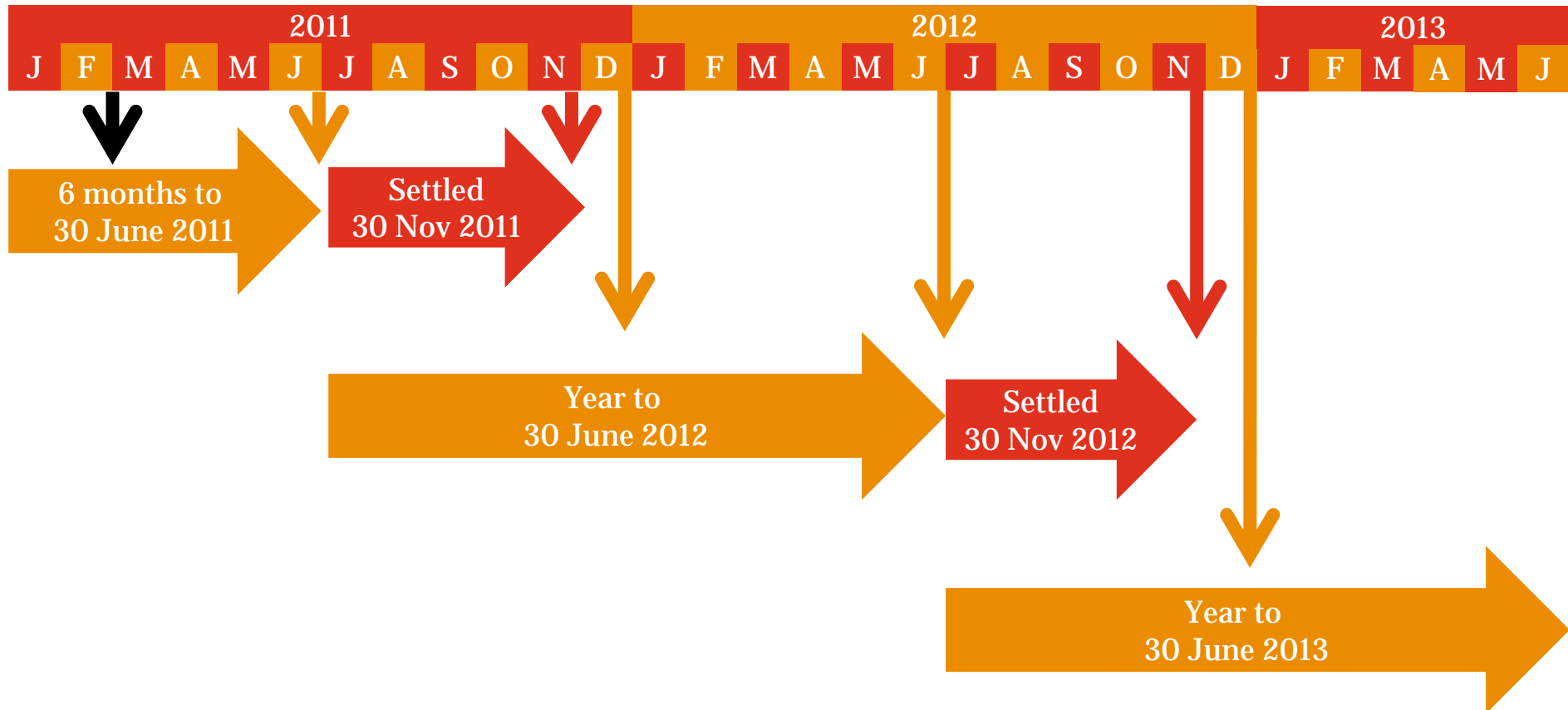
**1 January 2011 to 30 June 2011 – 6 months**

- **Advance payment 30 June 2011**
- **Tax payable 30 November 2011**

**1 July 2011 to 30 June 2012 – 12 months**

- **Advance payment 31 December 2011  
& 30 June 2012**
- **Tax payable 30 November 2012**

# ***Commencement Self employed - June***



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## ***Summary***

### ***Transitional rules***

- For tax paying companies apply cessation rules
- 28 February 2011 is the last payment date under the cessation rules of the 1952 Act (tax exempt companies can ignore this date)
- 31 August 2011 is the first payment date under the 2010 Act (the advance payment is based on previously filed accounts) (tax exempt companies need to communicate with the Tax Office)



**pwc**