

CORRECTION

**TAXATION LAWS AMENDMENT BILL (NO.3)
1991**

**INCOME TAX (DEFERRED INTEREST
SECURITIES)(TFN WITHHOLDING TAX) BILL
1991**

MEDICARE LEVY AMENDMENT BILL 1991

EXPLANATORY MEMORANDUM

The following correction is made to the Explanatory Memorandum:

Page 246 - substitution of page to correct errors which occurred at the printing stage, viz--the repetition of paragraph 24.23 and the subsequent loss of text at the end of paragraph 24.28.

(Circulated by authority of the Treasurer,
the Hon. J. Kerin, M.P.)



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Detailed Explanation of the Amendments

Seven Week Deferral of IP for 1990-91 Income Year

24.24. On 13 June 1991 the Government announced that it would defer the time for certain companies to pay their IP.

24.25. The companies affected by this deferral are those companies:

- whose 1990-91 income year ended after 30 April 1991;
- whose notional or estimated tax liability for the 1990-91 income year was \$1,000 or more but less than \$400,000; and
- who will pay their tax in two instalments (an IP and a final payment).

24.26. The Bill will modify the operation of the *Income Tax Assessment Act 1936* (the Act) by extending the time for these companies to pay the IP from the 28th day after balance date to the 15th day of the third month after balance date. For companies which balanced on 30 June 1991, this meant the due date for the IP was deferred from 28 July to 15 September 1991. **[Clause 122]**

FDT Reduces the IP

24.27. As mentioned above, any FDT due by a company was still due on the last day of the month following balance date. For companies balancing in June 1991, any payment of FDT was required on 31 July 1991.

24.28. Therefore, under the deferral arrangements, FDT was paid before the IP, rather than after the IP as would normally be the case. Accordingly, the Bill provides for the IP for companies estimating their tax payable to be reduced or made unnecessary by any prior payment of FDT. This ensures that the same total of FDT and IP is paid under both the existing arrangements and the deferral arrangements.